

HUNGER PREVENTION ACT OF 1988

JUNE 23, 1988.—Ordered to be printed

Mr. LEAHY, from the Committee on Agriculture, Nutrition, and Forestry, submitted the following

REPORT

together with

ADDITIONAL VIEWS

The Committee on Agriculture, Nutrition, and Forestry reports an original bill, S. 2560, and recommends that the bill do pass.

CONTENTS

	Page
Background	6
Current situation	9
Purpose and need	11
Explanation of Titles:	
Title I	20
Title II	21
Title III	24
Title IV	30
Title V	31
Title VI	32
Committee consideration	33
Section-by-section description	61
CBO cost estimates	82
Regulatory impact evaluation	91
Additional views	92
Changes in existing law	93

BRIEF EXPLANATION

The major provisions of the bill are briefly described below:

TITLE I—EMERGENCY HUNGER PREVENTION

Temporary Emergency Food Assistance Act Provisions.—The Temporary Emergency Food Assistance Act, originally created in 1983

as part of an amendment offered by Senators Hatfield and Dole to the Jobs Bill of 1983, is extended until September 30, 1990. This Act establishes the Temporary Emergency Food Assistance Program (TEFAP) which distributes surplus USDA commodities (owned by the Commodity Credit Corporation) to states for them to distribute to needy persons whose family income does not exceed 185 percent of the poverty line.

The current authorization of appropriations level of \$50 million per fiscal year is extended for FY 1989 and 1990 to cover state and local distribution, storage and handling costs. That Act would have otherwise expired on September 30, 1988.

A study of TEFAP provided to the Congress by the Department of Agriculture stated that 15 million persons per month have relied on TEFAP commodities—provided at over 20,000 TEFAP distribution sites nationwide. These TEFAP commodities have recently included cheese, nonfat dry milk, honey, wheat flour, cornmeal and rice. Forty-eight percent of TEFAP households contain children and thirty-eight percent are headed by an elderly person.

However, because of large reductions in the amounts of cheese, nonfat dry milk, rice and honey owned by the Commodity Credit Corporation (through its price support operations) the Department of Agriculture announced that it would be forced to drop, or drastically reduce, the amounts of these commodities delivered through TEFAP. USDA stated that amounts provided to the School Lunch Program would also have to be reduced.

To continue to make available emergency food supplies for the poor and homeless and to continue support for other nutrition programs this bill requires the Department to purchase \$145 million worth of high protein commodities for TEFAP for each of FY 1989 and 1990.

Soup kitchens and other congregate feeding centers.—There has been a heavy demand on soup kitchens, food pantries and other emergency feeding centers in recent years. Many homeless Americans rely on soup kitchens since the homeless do not have cooking facilities. The bill requires the Department to purchase \$40 million worth of commodities (for FY 1989, 1990 and 1991) to distribute, through the states, to soup kitchens, food pantries and other emergency feeding centers.

Basic food stamp benefit levels.—Food stamp benefits are calculated using the cost of a particular level of food purchases needed for one month's worth of meals—this feeding "plan" is called the "Thrifty Food Plan." Each particular household's actual level of food stamps depends on the cost of that feeding plan, adjusted for household "size" (the number of persons living in the household), and reduced based on household net income.

This bill increases the basic level of food stamp assistance by increasing, over the next three years, the value of the food plan used to calculate food stamps to eighty percent of the "Low Cost Food Plan" instead of its current value of 78.2% of the "Low Cost Food Plan." For a four person household, with no earnings or other income that is countable for food stamps, this will increase their monthly food stamp benefits by around \$5 per month.

This change is designed to help reduce the huge demand on soup kitchens, food banks and other emergency feeding centers when

food stamp benefits run out before the end of the month—and to increase the nutritional level of the food stamp feeding plan—back to the original level of 80 percent of the Low Cost Food Plan. This level will be phased-in as follows: beginning January 1, 1989, use 79% of the Low Cost Food Plan, beginning October 1, 1989 use 79.5% of the Low Cost Food Plan and beginning October 1, 1990, use 80% of the value of that plan.

Commodity Supplemental Food Program (CSFP).—In fiscal year 1987, CSFP (a program similar to WIC) used around 7 million pounds of cheese provided by USDA. The cheese was distributed to needy children, pregnant women and the elderly along with other CSFP commodities such as fortified cereals, nonfat dry milk, infant formula and orange juice. The Department announced that it would not provide any cheese to CSFP for fiscal year 1989. This bill will require USDA to provide cheese to CSFP through the use of “surplus” cheese owned by the Commodity Credit Corporation—7 million pounds for each of fiscal years 1989 and 1990.

TITLE II—NUTRITION IMPROVEMENTS

Food stamp improvements.—Title II makes a number of improvements in the food stamp program including simplifying the definition of a “food stamp household” and making monthly reporting-retrospective accounting and food stamp outreach activities (50% funded by the Department) state options.

The current definition of “household” is very complex (almost one page long) and has proven difficult to apply. The State of Vermont has pointed out that misapplication of the household definition rule was the second most significant cause of quality control errors. The bill uses a simpler test by providing that persons living together are members of the same household if they purchase and prepare meals together. Minor children, however, may not be considered as in a separate household from their parents even if they purchase and prepare meals separately.

The bill allows states to use the “traditional” prospective income calculation system for food stamps. Historically, the program calculated income (used to determine a household’s level of benefits and eligibility) based on reasonable anticipations of future income.

This change would allow states, at their option, to switch from the monthly reporting—retrospective budgeting (MRRB) system to the prospective budgeting system. Some states believe that the MRRB approach has proven administratively costly and has resulted in a huge increase in state paperwork processing. Under this monthly reporting system states must process millions of forms each month regardless of whether any changes in household circumstances have occurred.

Presently, under the Food Stamp Act the Department of Agriculture will 50–50 match state expenditures to inform homeless persons about the food stamp program. This bill allows, but does not require, such informational activities to be directed at any low-income state residents.

The bill should reduce the number of costly “fair hearings” (quasi-judicial trials) challenging a state’s temporary termination in food stamp assistance by requiring that there be no gap in bene-

fits in certain circumstances. Households already on the program who are near the end of their certification period (their period of eligibility which can be from one to 12 months) are issued notices to re-apply for food stamps under current law. However, under current law if the household's application for continued participation is not timely processed the household will be temporarily denied benefits.

This "gap" in benefits can be caused by state agency error, loss of applications by the Postal Service, confusion on the part of the recipient, inability to file (head of household hospitalized) or for other reasons. Regardless of the cause for the delayed re-application processing, the household's benefits are currently prorated from the date of re-application. This has led to numerous fair hearing requests to challenge the temporary ineligibility period and has caused families, otherwise eligible based on their income and resources, to experience a temporary gap in benefits.

The bill addresses this problem by providing a "grace" period for households who were eligible in the prior month, and who are determined eligible in the subsequent month, to avoid a temporary loss in benefits if the postal service loses the re-application form, the state misplaces the form, or the household does not timely re-apply. This provision is not intended to be an incentive for households not to reapply in a timely manner.

The bill reduces processing costs by requiring states to batch together the first two months' benefits for those households that apply after the 15th day of the month. Instead of two mailings, or processing two separate issuances to a given household, the state will issue one combined food stamp allotment for both the remaining portion of the first month and the second month.

Child nutrition improvements.—The bill will provide an additional 3 cent reimbursement to schools for each school breakfast served. This increase will allow schools to provide more nutritious breakfasts and a greater variety of breakfast foods.

The bill also provides a federal reimbursement for an additional meal for children who stay eight hours or more at day care centers.

The bill also clarifies that lactating mothers, infants, children and pregnant women cannot be denied WIC program benefits, solely because they are homeless.

The Summer Food Program is expanded to include private non-profit sponsors if they provide meals at no more than five sites and use self-preparation facilities or obtain meals from a public facility. All universities (not just public universities as is now the case) participating in the National Youth Sports Program are also eligible for a federal reimbursement for the meals served to the disadvantaged youths that participate in that program.

TITLE III—ADMINISTRATIVE IMPROVEMENTS AND SIMPLIFICATION

Title III makes a number of revisions to the food stamp program to: streamline program operations, reduce the complexity of application forms, reduce the number of "fair hearings," require the mail issuance of benefits in many rural areas of the Nation, make it easier for rural residents to participate, reduce barriers to participation for farmers, simplify the verification of the medical de-

duction for the elderly, and promote better compliance with program rules by recipients.

Title III also requires caseworkers to provide applicants with a list of what they need to bring to their interview and allows for greater recipient access to the local food stamp offices. It allows farmers one year (after they have gone out of business) to sell farm equipment and land before the value of that equipment or land is counted as an asset for food stamp purposes.

TITLE IV—FAMILY SELF-SUFFICIENCY

Child care deduction.—The bill provides for a child care/dependent care deduction of up to \$160 per month, per child/dependent, if the child care enables the parents (or guardians) to work, receive job training or receive education preparatory to working. Currently, the \$160 monthly limit applies to the whole household, no matter how many children are in the family.

This provision is designed to encourage participants to prepare for and obtain employment. Employment will permit participants to leave the food stamp program, or to stay on the program but at substantially reduced benefit levels.

Vehicle exclusion.—The exclusion for the fair market value of a family's automobile is increased, based on anticipated inflation, to \$5,500 over a five-year period. The exclusion has been set at \$4,500 since 1977.

Employment and training.—The employment and training (E&T) changes are designed to improve the operations of the employment and training program. The current system can run large numbers of recipients through a meager work training system. "Success" is measured by numbers of persons in the E&T program and not by their success in finding employment.

The new approach allows states flexibility in setting up training programs tailored to their local caseloads encourages targeting to those in need of assistance.

The E&T provisions also contain language allowing the Department to approve Indian tribal plans to establish their own E&T programs using a "set-aside" of some of the funds that would otherwise be spent within the state on E&T.

TITLE V—DEMONSTRATION PROJECTS

WIC farmers' market projects.—States will be allowed to apply for three-year grants to set up a pilot project in each ten states. In these pilot projects WIC recipients will be eligible to receive vouchers to buy fresh produce and farm products at farmers' markets. The federal share of the vouchers will be from \$10 to \$20 per year.

There are authorized to be appropriated \$2 million for FY 1989, \$2.8 million in FY 1990 and \$3.5 million in FY 1991 for this purpose.

Food bank demonstration projects.—The Secretary is authorized to set up demonstration projects in which commodities are provided by USDA directly to the food banks. \$400,000 per year, for fiscal years 1989 through 1991, is authorized to be appropriated for this purpose.

Day care homes demonstration.—The Secretary is required to establish one pilot project in which it is to be determined whether a reimbursement offer, for an additional meal or supplement for children staying eight hours, or more, at day care homes, will increase participation in the Child Care Food Program by family and group day care homes.

Based on the large number of children served by family or group day care homes in Minnesota, and on the very large proportion of its Child Care Food Program meals which are served by homes rather than in day care centers, the Committee intends that this pilot be conducted in Minnesota.

TITLE VI—IMPLEMENTATION

The bill is specifically designed with precise effective and implementation dates to avoid the type of litigation that has plagued the Department in recent years over the difference between effective and implementation dates.

With respect to most legislation, statutory effective dates indicate when the new law is to begin being carried-out. However, the Department has often implemented food stamp statutory changes after the effective dates set by Congress. A major legal issue arose. Are recipients entitled to receive benefits retroactively back to the effective date?

To avoid this issue, the bill sets both effective and implementation dates. The Secretary is not allowed to implement provisions before the effective date. Unless otherwise specified the Secretary may implement changes after the effective date, but before the implementation date, and must implement those changes no later than the implementation date.

Thus, under normal circumstances, only failure to meet the implementation date should result in the issuance of retrospective food stamp benefits.

BACKGROUND

THE FOOD STAMP PROGRAM

Congress established the food stamp program in 1964 to alleviate hunger and malnutrition among low-income households. A household's eligibility for the food stamp program is based upon its nutritional needs. The level of support is based on household size, income levels and resources. Eligible applicants receive food stamp coupons to buy food through normal market channels, primarily grocery stores.

The federal government bears the cost of all food stamp benefits and pays for 50 percent of most administrative costs. State and local agencies implement and administer the program and pay the remaining 50 percent of administrative expenses. The state agencies generally are responsible for certifying eligible households and issuing them food stamp allotments. The food stamp program operates in every state in the country as well as the District of Columbia, Guam, and the Virgin Islands. Puerto Rico receives a special nutrition assistance block grant as a substitute for the food stamp program.

Households may receive food stamps by submitting an application form and verification of facts establishing their eligibility and by having an interview. Households that are found eligible are certified to receive food stamps for a specific period that may be as short as one month or as long as one year. At the expiration of its certification period, a household is required to file a new application to be "recertified" to continue receiving benefits. Households may receive as little as 15 days notice of the deadline for applying to be recertified.

As originally enacted, the Food Stamp Act provided that households would receive an amount of food stamps whose value was equal to the cost of USDA's Economy Food Plan. Households would purchase these food stamps for an amount based upon their income after deductions. Households with no net income would receive their food stamp allotments free of charge.

Congress amended the Food Stamp Act in 1977 to seek to increase the low participation rates in the food stamp program of many needy groups such as the elderly and disabled. The purchase requirement was eliminated. In its place, Congress created a system for reducing food stamp allotments by \$3 for every \$10 of a household's net income.

The Food Stamp Act of 1977 required USDA to establish uniform national standards for eligibility and to issue them in compliance with the Administrative Procedure Act. Separate standards are allowed for non-continental areas and for certain groups such as the elderly and disabled. As a result of the 1977 Act, the Department discontinued use of its unpublished state food stamp certification guide and promulgated many of the directives and interpretations that its manual had contained as formal rules after notice and comment.

A series of amendments in subsequent years have sought to target the program's benefits on those most in need, improve the integrity and accuracy of issuance, and protect groups felt to be in special need, particularly the elderly, the disabled, migrant and seasonal farm workers, and the homeless.

In February of this year, 18.89 million people participated in the food stamp program. The average benefit was \$50.22 per person per month. For fiscal year 1987, 19.1 million people received food stamps worth a total of \$10.5 billion.

THE NATIONAL SCHOOL LUNCH PROGRAM

Federal assistance is provided to the states, Puerto Rico, Virgin Islands, and Guam for use in serving nutritious lunches and breakfasts, to children attending schools of high school grades or under, and children in other institutions in order to improve the health and well-being of the Nation's children, and broaden the markets for agricultural food commodities.

THE SCHOOL BREAKFAST PROGRAM

Because of Congressional concern for children arriving at school hungry in the morning, the School Breakfast Program was created as a part of the federal Child Nutrition Act of 1966. The program was based on the strong correlation between under-nutrition, slow

growth rates and decreased learning ability. As in the School Lunch Program, breakfast is served free, at a reduced price or at full price, depending on the income level of a child's family.

THE SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC)

This program safeguards the health of low income pregnant, postpartum and breast-feeding women, and infants and children who are at nutritional risk because of inadequate nutrition and inadequate income. WIC provides food vouchers, nutrition education and health screening to pregnant women, new mothers, and young children who cannot afford an adequate and nutritious diet and are at nutritional risk. The food vouchers are received by the participant and redeemed through participating grocery stores. The vendors then redeem the vouchers through the state health departments.

The vouchers allow the recipient to purchase foods that are important to the development of infants and young children, such as eggs, milk, and other foods high in iron, calcium, Vitamins A and C, and protein.

In 1972, Congress implemented a pilot WIC project, due in large part to the Field Foundation study report and the health and nutrition problems that the Field Foundation physicians found in the children of the Mississippi Delta. Based on this pilot program, in 1974, Congress voted overwhelmingly to institute the program on a national basis and assigned to USDA the task of administering it.

Eligibility requirements stipulate that a recipient must be either a pregnant women, postpartum nursing or non-nursing mother, infant, or child under age 5, and live in a county participating in the WIC program. Participants must be both low-income and at nutritional risk for one or more of the following: an inadequate diet, poor growth patterns, iron deficiency or a medical history of nutritional problems or problem pregnancies. Pregnant women are certified to receive assistance for their entire pregnancy. Children are required to be re-certified every 6 months.

COMMODITY DISTRIBUTION PROGRAMS

Federal commodity distribution programs began in the 1930's as a means for disposing surplus agricultural commodities and providing food relief to the needy and unemployed during the Great Depression. Today's federal commodity distribution program is based on many of these same premises and funded by Congressional appropriation to purchase agricultural items in order to maintain price supports and remove surpluses.

The commodities then go to state agencies for distribution to community service organizations and schools. In the early 1980's, with commodities surpluses growing rapidly, the Temporary Emergency Food Assistance Program (TEFAP) began offering the commodities directly to needy individuals. Current commodity distribution programs include:

Charitable Institutions.—Recipient organizations must be a public or private non-profit, tax-exempt institution which serve meals on a regular basis to needy people.

Individuals.—Individuals may receive commodities through TEFAP. Persons receiving AFDC, food stamps, SSI, or Medicaid, or whose income is below 130% of the national poverty guidelines, are eligible to participate.

Indian Reservations.—The Food Distribution program on Indian Reservations provides a monthly commodity package to eligible persons living on Indian reservations. Such participating households are ineligible for the food stamp program.

Institutional recipients of commodities include schools, charitable institutions, summer camps, Summer Food Services Programs, Child Care Food Programs, Commodity Supplemental Food Programs and sites providing the Nutrition Program for the Elderly.

THE CHILD CARE FOOD PROGRAM

The Child Care Food Program provides federal dollars to child care institutions so that pre-schoolers can receive nutritious breakfasts, lunches, suppers, and snacks. In day care centers, the program is operated much like the School Lunch Program in that child care agencies keep records of the free, reduced-price and full-price meals and are reimbursed for the number of meals served. Child care institutions may also receive USDA commodities.

Family day homes may participate if sponsored by a nonprofit umbrella agency. Family day care homes are not means-tested and receive a flat reimbursement for each meal served. The eligibility guidelines for centers are the same as for the School Lunch and Breakfast Programs.

THE SUMMER FOOD PROGRAM

The Summer Food Program for Children is designed to feed children up to age 18 during the summer months when school food services are not available. The program is targeted at low-income areas. Program sponsors must be tax-exempt or a public agency, a school or a residential camp and the program is restricted to low-income communities.

COMMODITY SUPPLEMENTAL FOOD PROGRAM (CSFP)

This program provides supplemental foods to infants and children up to age six, and to pregnant, postpartum and breastfeeding women who are at nutritional risk, have low incomes, and reside in areas participating in CSFP. In addition, this program is operating commodity distribution projects directed at low-income elderly persons.

CURRENT SITUATION

The latest census data reports on poverty in America contained some disturbing information. The data reported in 1986 showed that 32 million Americans live in poverty—up from 26 million just a decade ago. Almost 13 million of the poor are children—4.5 million of the poor are elderly.

The data demonstrate that 85 percent of the poor are made up of women, children, the handicapped and the elderly. The U.S. Conference of Mayors recently reported that the need for emergency food assistance increased by almost 20 percent in the cities sur-

veyed during 1987—this is on top of a 28 percent increase in demand for emergency food assistance in 1986.

A 1982 study done by the Massachusetts Department of Public Health found that over 10,000 children in that state suffered from stunted growth largely caused by chronic malnutrition. Nearly one in five of the low-income children in the survey was stunted, anemic, or abnormally underweight. Twenty percent of American children are poor.

The numbers of working poor have also grown—this category includes persons who have regular jobs but earn so little that they are still listed as in poverty. The working poor number nearly nine million—and their numbers have increased over the past decade with the increasing shift in the economy towards low-paying service jobs.

Over 18 million Americans are on the food stamp program—which delivers a maximum benefit (to households without any income) of 81 cents per person per meal for a four-person household. Food stamp participating has dropped over the last few years, in general, with the reduction in the unemployment rates. Over half of all food stamp recipients are children.

Up to 15 million Americans have been on the Temporary Emergency Assistance Program (TEFAP) each month—48 percent of TEFAP households contain children.

In a 1986 report issued by USDA the amounts of TEFAP commodities distributed to needy Americans were listed. Those amounts were: 410 million pounds of cheese; 70 million pounds of butter; 93 million pounds of nonfat dry milk; 127 million pounds of flour, 38 million pounds of cornmeal; 130 million pounds of rice and 78 million pounds of honey.

These commodities were distributed at over 20,000 sites nationwide. However, due to declining government inventories, distributions of cheese, honey and rice have ceased, and distributions of nonfat dry milk are on a month by month basis.

Only 41 percent of TEFAP participants are on the food stamp program—and those on food stamps often rely on TEFAP to get them through the end of the month.

In dealing with the problem of hunger in America, and reduction of government owned surpluses available to TEFAP, the Committee decided that a comprehensive nutrition approach was the most effective response. Exclusively relying on any one program would mean that those not eligible, or not participating, or those who fell through the cracks, would receive no food assistance for themselves and their families.

TEFAP is a critical program because it catches those that have fallen through the cracks. Food stamp processing can take up to 30 days, except for the 5-day expedited processing standard.

Yet food stamps is the core feeding program that can reach each corner of America—it increases the purchasing power of poor Americans by almost \$11 billion per year.

However, often the homeless do not participate in food stamps because of its complex forms, processing, and procedures; nor in TEFAP because they don't have cooking facilities. For the homeless, soup kitchens are often the answer.

Poor children often obtain most of their protein and other nutrients from participation in school breakfast and school lunch programs.

This bill makes improvements in programs such as food stamps, school breakfast, summer food service, TEFAP, child care feeding and the various soup kitchen and other emergency feeding programs that provide meals to the needy. The Committee hopes that the bill is thus sufficiently comprehensive to reach out to most of those in need—but not spread so thinly as to do little good.

PURPOSE AND NEED

TARGETING BENEFITS ON THE MOST NEEDY

The Committee feels that this nutrition assistance package is carefully targeted on the neediest recipients. The Committee felt compelled to report this legislation in view of the evidence of hunger that continues to affect poor Americans. At the same time the Committee was determined to identify the measures that would be best targeted on those most in need. This was a major goal of the several hearings before the Committee, and the Nutrition Subcommittee, which were conducted this year.

The Committee feels that its final package is well-targeted and should make the greatest possible impact in improving nutrition given the funds available.

Individual members of the Committee might have chosen somewhat different approaches to allocating the money in the budget, but the strong vote in the Committee in favor of this bill is indicative of the bipartisan consensus that emerged.

PROTECTING THE HOMELESS AND REDUCING HOMELESSNESS

The Committee continues to be concerned with the plight of the homeless in America. Because of the complexity of this problem, Congress has not attempted to enact, all at once, a single sweeping response to the nutrition needs of the homeless. The Committee believes, however, that when viewed together the various provisions now in place help to respond to the needs of the homeless.

Congress has attempted to ensure that homeless people will be eligible for food stamps. Those on the street may qualify under the required state procedures for certifying households that have no fixed residence or mailing address. A provision of the Homeless Eligibility Clarification Act that the Committee bill would make permanent, allows homeless people in shelters to receive food stamps.

Amendments made to the vendor payment rules last year ensure that homeless families housed outside of traditional shelters can receive food stamps without regard to the arrangements states make to pay for that housing. The short-term homeless are already protected by the program's lump sum rule, which excludes one-time, non-recurring emergency housing assistance programs. The definition of homeless individuals also enacted last year addresses the problem of the "hidden homeless."

The Committee also has taken steps to ensure that local offices provide whatever assistance that homeless people need in the certification process. Last year, Congress reinstated federal matching

funding for states to conduct food stamp informational activities directed at the homeless. Also last year, Congress provided that expedited food stamps would be available to all eligible homeless people to ensure that their applications were not delayed because of misapplication of existing expedited service criteria. In 1985, Congress also prohibited states from denying homeless individual's applications for failure to produce verification of a specific address.

This year, the Committee bill prohibits states from requiring homeless households to mail in monthly reports each month. Homeless households are likely to have difficulty complying with such a requirement, in part because they have difficulty receiving mail. The Committee notes that nothing in the Act or in the Committee bill allows states to discriminate against homeless people in setting certification periods or otherwise.

FILLING THE GAP CREATED BY THE LOSS OF TEFAP

Since its beginning in 1983 as a way to find a worthwhile use for the then-overwhelming stocks of surplus commodities in the Commodity Credit Corporation's warehouses, the Temporary Emergency Food Assistance Program (TEFAP) has provided billions of dollars of cheese, non-fat dry milk, rice, honey, flour, cornmeal and other commodities to needy Americans. Up to 15 million Americans have participated per month. TEFAP has been especially popular among older Americans. Indeed, around 35 percent of all TEFAP households are headed by an older American.

TEFAP has facilitated the development of a valuable food distribution network that has also taken on other important tasks in the fight against hunger. Among other things, these networks have sought and distributed non-TEFAP foods to the poor; have promptly responded to disasters; and have provided information and referral to the permanent food assistance programs, such as food stamps.

Having proven its cost-effectiveness in helping the poor, as well as reducing our commodity surpluses, Congress has acted repeatedly to extend TEFAP.

This year, however, a problem has arisen. Surpluses of cheese, rice, and honey have now been exhausted, and the Department has been forced to make supplies of non-fat dry milk available on a month-to-month basis. The commodity inventories that have declined substantially, especially cheese, formed the backbone of TEFAP and were the principal attraction for recipients coming to TEFAP distribution centers. Some experts have estimated the value of the commodities donated to TEFAP in excess of seven hundred million dollars a year.

In view of the severe budgetary constraints under which the Committee, and all of Congress, must operate, replacing all or even half of the value of the lost commodities is not possible. The Committee therefore sought an approach that would do as much as possible for those who would otherwise suffer the most from the loss of these commodities. The Committee provided for a limited, mandatory purchase of commodities to allow TEFAP to keep operating.

The Committee intends that high-protein commodities be purchased under this program. The Department, however, is given

considerable discretion to determine which commodities will be purchased. In exercising this discretion, the Department should attempt to maximize the amount and usefulness of the food that is made available to TEFAP recipients.

The Committee bill requires that the Secretary purchase \$145 million worth of high-protein and high nutrient content per unit of weight foods, such as cheese, peanut butter, canned meats and beans. To the extent the purchase of cheese will not interfere with the commitments of the Administration to other domestic feeding programs, the Committee would expect that cheese, as an easily storable, very popular, high-protein food, would be purchased for TEFAP.

While establishing this precedent for the purchase of high protein commodities for TEFAP, the Committee is aware that historically there has been commercial displacement of certain products, such as margarine, by commodities distributed through the program.

It is the Committee's intent that USDA take appropriate steps to minimize the impact of commodity purchases made under provisions of this legislation and distributed through TEFAP to ensure minimal commercial displacement.

To ensure that all States receive their fair share of these USDA purchased TEFAP commodities the bill establishes an entitlement to a certain portion of these commodities for each State. Thus, each State will be able to know exactly what percentage of the whole it is entitled to receive. The Department is under a legal duty to purchase the amounts specified in the Committee bill, and is required to provide the correct amounts to each State.

The Committee bill sets forth these required allocations of commodities based on the current formula for allocating the surplus commodities which is 60 percent based on the numbers of persons living in poverty within each State and 40 percent based on the numbers of unemployed in the State, both in relation to the Nation as a whole.

The Committee bill also takes steps to keep the TEFAP distribution network alive. The bill reauthorizes the \$50 million administrative funding for TEFAP distribution that has been available under the program. The bill would increase from 20 to 40 percent the amount of funding that states must pass through to the local distribution network. States' shipping and distribution expenses should be reduced because fewer commodities will be in the program, but local agencies may need additional assistance to locate and distribute non-TEFAP food.

The bill explicitly authorizes TEFAP agencies to spend some of their administrative funds in providing information and referral to on-going food assistance programs for households whose needs TEFAP alone cannot meet. And the bill authorizes state food stamp agencies to provide training to these organizations.

In addition, the Committee bill sets aside \$40 million for a similar entitlement for commodity purchases for soup kitchens, food banks, and other emergency feeding organizations. The bill again requires that the Department purchase a certain quantity of commodities which will then have to be distributed to States under a

precise allocation formula. Each State becomes entitled to its share based on that formula.

The Committee felt that this \$40 million set-aside was important because the Department has testified that less than one percent of TEFAP benefits go to homeless people, perhaps because rice and flour are difficult to use for people on the streets with no food storage or preparation facilities.

Representatives of emergency food providers stated that lack of food is less of a problem for soup kitchens *per se* than it is for other emergency feeding centers. The Committee bill accordingly includes food banks, emergency food pantries and similar organizations in this section but provides the Secretary the authority to issue regulations giving preference to soup kitchens and other congregate feeding sites. These commodities must be in addition to any that would otherwise be provided under TEFAP, under the Department's charitable organizations program, or under any other federal program.

Emergency feeding organizations also told the Committee that one of the greatest drains on their resources results from food stamp recipients running out of food at the end of each month and seeking emergency food assistance. Providing assistance to these families and individuals exhausts food and other resources that are needed to help those not on food stamps or suffering from other difficulties.

OTHER COMMODITIES ISSUES

The sharp reduction in the amount of commodities available from the CCC forced the Committee to consider several other issues related to the distribution of CCC owned commodities. The Committee has long supported the Commodity Supplemental Food Program (CSFP) as a way of turning our agricultural bounty to serve low-income women, infants, children, and older Americans.

The Committee bill includes a requirement that CSFP receive at least 7 million pounds of cheese during fiscal years 1989 and 1990. This proposal will continue cheese availability for CSFP.

The Committee also is concerned with the adequacy of the food packages provided on Native American reservations under the "needy families program" otherwise known as the Food Distribution Program on Indian Reservations. This program, unlike many nutrition assistance programs, is a substitute for the food stamp program, not a supplement to that program.

Because it is a substitute, the nutritional value of that food distribution package should be equal to the nutritional value provided by the basic food stamp allotments. The Committee notes that USDA regulations have long stated that the, "food package shall . . . provide eligible households with an opportunity to obtain a more nutritious diet and shall represent an acceptable alternative to Food Stamp Program benefits." (7 C.F.R. 253.3(d))

The Committee wishes to make clear that the value and nutritional content of the food package in this food distribution program should be not less than that of the basic food stamp allotment levels. As basic food stamp allotment levels increase to 80 percent

of the low cost food plan the value of the food package should similarly be adjusted.

The Committee is also very concerned that the composition of these food packages are appropriate to the nutritional needs of the recipient families. Specifically, the Committee is aware of the extremely high rates of diabetes and other diet-related ailments on reservations.

Longstanding regulations require that the distribution programs be operated under a "plan of operation." If the State operates the food distribution program, the plan of operation must include the "method by which the food preferences of households shall be determined . . ." Indeed, for years the regulations have required that the State agency encourage "the dissemination of food and nutrition information designed to improve the nutrition of households on reservations."

As an extension of this approach, the Committee intends that the Department take into account that the make-up of these packages, especially their sugar, salt, and fat content, be appropriate to recipients' needs as well as their preferences. These packages should not exacerbate these already serious health problems.

PROVIDING NUTRITION ASSISTANCE TO FARM FAMILIES IN NEED

The Committee found the nutritional problems of farmers particularly vexing. Farmer participation in the food stamp program remains very low. The bill addresses some of these concerns. The Committee by no means claims that this bill eliminates all of the barriers to participation in the food stamp program by farmers and other self-employed individuals.

The stigma that receiving food stamps has unfortunately acquired in society in general and in rural areas in particular is one of the reasons farmers do not participate. Current privacy rules are designed in part to prevent households from becoming stigmatized. Those rules should be scrupulously followed. Some new benefit delivery systems may also serve this purpose by allowing households to receive their food stamps more quickly or by having them electronically transferred to a food store.

The Committee bill takes one important step in reducing the barriers to rural participation by requiring mail issuance of benefits in many rural areas. The Committee would welcome suggestions from the Department on other possibilities in this area.

Testimony in hearings conducted by the Committee and by committees in the House also suggests that another reason that few eligible farm families are participating is the misapplication of current eligibility rules to farm households. Because farm households are likely to make up only a small portion of any food stamp office's caseload, workers have little opportunity to develop expertise in applying program rules to the peculiar circumstances of farm households. This is not a problem that lends itself well to legislative solution.

The Committee is attempting to do what it can by highlighting a few crucial rules which affect farm families. In so doing, the Committee intends neither to rebuke the Department nor to cast any

negative inferences upon the applicability of these rules to non-farm households.

For example, although the Act already provides matching administrative funds for a wide range of training activities, the Committee sought to encourage states to train their workers to certify farm households by including a specific authorization for states to do intensive training for those households and other households containing self-employed persons. The Committee obviously does not mean to preclude matching funds for states' other training activities, including intensive training on other specific aspects of the program.

The Committee bill allows farm households with regular incomes but irregular expenses to have their incomes and expenses averaged over the year just as would be done if their gross income itself was variable. In so doing, the Committee does not intend to dictate what accounting methods the Department will use to count farm (or other) households' expenses as long as households receive credit for all expenses legitimately related to their work.

One problem which recently arose involves the treatment of emergency vendor payments for migrant and seasonal farm workers. The problem arises because migrant farm workers often arrive in a new area with their resources all but exhausted. They come depending upon earnings from new employment but may have to wait days or weeks until crop and weather conditions make work available.

Where necessary, some states provide emergency vendor payments to landlords or labor camp operators so that homeless migrant families will have somewhere to live. Similarly, states may make vendor payment to repair migrant families' cars or to give them gas so that they can get out to work sites. Counting these vendor payments as income could prevent migrant households from receiving the emergency food stamps they depend upon to feed their families. Fortunately, section 5(k)(2)(F) of the current act provides an exclusion for legitimate special and emergency payments. The Committee expects that the Department will assure the states that provide these payments that they are fully excludable and so resolve any problems or misunderstandings that have arisen in this regard.

REDUCING UNNECESSARY PAPERWORK AND ADMINISTRATIVE BURDEN

The Committee heard testimony that some procedures now being followed in the food stamp program create unnecessary barriers that keep low-income people from receiving food stamps for which they are eligible. The Committee believes that these are important concerns.

The Committee also believes, however, that Congress, the Department, and state and local food stamp offices all have a similar obligation to seek to avoid complexity and reduce barriers to participation for needy families. The Departments' regulations, as well as states' plans of operations, should ensure that the program makes benefits available to eligible persons with a minimum of administrative burden.

The Committee bill includes several provisions that seek to minimize burden to applicants for and recipients of benefits under the food stamp program. The Committee bill would make monthly reporting an option for states to use when they find it cost-effective. The Committee bill provides for simplifying common application forms for the food stamp and AFDC programs. Some of these forms now exceed thirty pages, although one state has managed to combine all necessary information for these programs (as well as Medicaid, general assistance, and several others) on to a single four-page application without supplements.

The Committee bill seeks to provide for the resolution of problems involving compliance with procedural requirements that currently cause many eligible, needy people to be "churned" off of the program each month, only to reapply the next. Additionally, the bill requires states to take prompt corrective action when they discover that an erroneous policy or practice may be causing eligible households to be erroneously denied, terminated, or underissued benefits.

ASSISTING THE RURAL POOR

The rural poor are likely to have most of the same problems that poor people in other parts of America have. The Committee notes, however, that several recent studies have found that special barriers keep many eligible poor people from participating in the food stamp program in rural areas. The Committee bill therefore takes a number of steps to protect people with transportation difficulties.

The bill strengthens the Act's provision granting out-of-office interviews to those for whom coming into the food stamp office would be an undue burden. The bill gradually increases the limit on the value of vehicles that households may own in accordance with projected rises in inflation. Many low-income people in rural areas need to have reliable transportation available, sometimes including a pickup truck or van.

FOOD STAMP EMPLOYMENT AND TRAINING

The bill makes several changes in the food stamp employment and training program originally enacted in 1985. The changes are designed to make the program more effective in moving food stamp recipients into gainful employment.

It has come to the Committee's attention that some able-bodied food stamp recipients are being exempted from the employment and training program because they would have to incur child care or other work-related expenses in order to participate. Under current law, federal matching funds may not be used for reimbursement of more than \$25 per month for such expenses, a level often inadequate to cover child care and other work expenses.

Accordingly, the bill provides for reimbursement of actual dependent care costs determined by the state to be necessary for the participation of a recipient in the program, up to a maximum of \$160 per dependent per month. To enable states to conform to the welfare reform legislation recently approved by the Senate, the bill allows (but does not require) states to set the maximum child care reimbursement at a higher level than \$160 if the state sets a

higher maximum reimbursement level for the child care costs of AFDC recipients participating in an employment or training program authorized under the new welfare legislation. (In the absence of passage of new welfare reform legislation, states would not be authorized to raise the maximum child care reimbursement level above \$160 per dependent per month.)

It should be noted that federal matching funds for reimbursement of dependent care costs would not be available for costs incurred by AFDC recipients residing in a local area where an AFDC employment or training program is in operation. This is necessary to avoid state use of federal food stamp funds to cover AFDC child care costs in the event that welfare reform legislation is not enacted.

AFDC recipients could be fully served through the food stamp employment and training program as volunteers to the extent that a state can serve such recipients (or as mandatory participants in local areas lacking an AFDC employment or training program) but federal food stamp matching funds would not be available for the dependent care costs of AFDC volunteers in areas where an AFDC employment or training program is operating.

The bill also requires reimbursement for up to \$100 per month of the actual costs of transportation and other actual costs (other than dependent care costs) that the state agency determines to be necessary to enable a recipient to participate in the employment and training program.

The costs of reimbursements for transportation, other work costs, and dependent care costs would be paid for under the normal 50/50 federal-state match, just as such reimbursements are now made. States would be permitted to reimburse both dependent care costs and transportation and other work costs at higher levels than the maximums specified in the Act, but any reimbursements above the maximum level would not qualify for federal matching funds.

The bill includes other improvements in the food stamp employment and training program as well. Several types of employment, education, or other training activities specifically authorized under the welfare reform legislation recently approved by the Senate, are also authorized in this legislation. Note that states are already authorized under current food stamp law to operate education and training programs as part of their food stamp and employment and training programs.

The bill also includes provisions based on the recent Senate welfare reform legislation regarding assessment of recipients' educational and employment skills and use of conciliation procedures (similar to those in the AFDC program) to resolve problems arising in the employment and training program. The bill also provides that federal funds made available to a state agency for a food stamp employment and training program may not be used to supplant non-federal funds for existing services and activities that promote the purposes of the food stamp employment and training program. State or local funds expended for such purposes must be maintained at least at FY 1987 levels.

Finally, the legislation establishes a procedure to improve performance standards for the employment and training program. The Secretary would establish standards to measure state performance

based on employment outcomes and the degree of success that states can be expected to achieve in helping individuals to attain self-sufficiency. In establishing the standards, the Secretary would take into account the extent to which recipients have elected to participate in the state's food stamp employment and training program, job placement rates, job retention rates, improvement in educational levels, reduced need for food stamp assistance, and other factors.

The Secretary would also develop standards that encourage states to serve those recipients who have greater barriers to employment and thus have greater difficulties in achieving self-sufficiency. Recent research has found that food stamp work registrants with less education and work experience (and greater barriers to employment) tend to remain on food stamp rolls substantially longer than work registrants who are better educated and have more work experience.

In addition, research on AFDC welfare-to-work programs has found that the programs have greater cost-effectiveness with recipients who face greater barriers to employment than with recipients who can more readily find jobs on their own. Finally, the standards would reflect appropriate state variations, such as variations in economic and demographic factors, the characteristics of the recipient population to be served, and the types of services to be provided.

The Secretary would develop proposed standards after consultation with the Secretary of Health and Human Services, the Secretary of Labor, state officials, and other appropriate parties. The standards would undergo the normal rulemaking and comment procedure.

As noted, one of the factors to be taken into account is the extent to which recipients who are exempt from the work registration requirement have elected to participate in the employment and training program. It is intended that the exempt recipients be provided an opportunity to attain self-sufficiency, through the employment and training program, to the full extent that a state can serve the exempt recipients.

States are intended to have broad flexibility in this area as in other areas. State flexibility is an essential part of the employment and training program, as the most effective employment and training programs are generally those to which states are most strongly committed and which they design themselves. The performance standards to be developed are intended to reinforce, not restrict, state flexibility. It is not the intention for the federal government to prescribe the manner in which a state complies with the employment and training requirements.

The legislation also calls upon the Secretary to transmit to Congress a proposal and recommendations for modifying federal matching rates for the employment and training program so as to improve incentives for states to enhance program effectiveness. The Committee would expect to receive this material from the Secretary in time to consider it as part of the normal reauthorization of the food stamp program in 1990.

EXPLANATION OF TITLES

TITLE I: EMERGENCY HUNGER PREVENTION

Subtitle A: Temporary Emergency Food Assistance Program

Extend TEFAP.—The bill extends the authorization for TEFAP for two more years (through September 30, 1990) and continues the current authorization level of \$50 million/year to cover state and local distribution, handling and storage costs. These funds would now also be used to cover state and local distribution, handling and storage costs for commodities purchased for soup kitchens and other emergency food agencies. Generally speaking, TEFAP will be operated in the same manner as it is currently over the next two years except as stated below.

Purchase commodities for TEFAP.—The bill will require the Secretary to purchase, each fiscal year for each of two years, high protein commodities valued at \$145 million. These commodities must be easy to store and convenient to use by needy households. The Secretary has discretion, to minimize adverse market effects, as to the timing of purchases within each of the two years. Commodities purchased in a given year must be distributed to states before the end of that year.

Formula.—The Secretary will be required to distribute such additional TEFAP commodities to state according to the following formula: sixty percent based on the number of persons in households below the poverty line and forty percent on the number of unemployed persons in the state.

Dairy Exports.—The bill provides that the Dairy Export Incentive Program and the required sales of 150,000 metric tons of dairy product (not less than 100,000 metric tons of butter and not less than 20,000 metric tons of cheese) under the Food Security Act of 1985 have a lower priority than use of dairy products in TEFAP. Both the Dairy Export Incentive Program and the 150,000 metric ton overseas sales requirement will be extended until September 30, 1991.

Allocation of TEFAP funds.—No more than 3 percent of the funds allocated to states to cover distribution costs may be used, at state option, to set up programs to provide information to TEFAP recipients about the availability of food stamps and WIC. States must use at least 40% of the federal funds they receive to cover "local" distribution and handling costs, instead of the 20% minimum in current law.

Availability of CCC flour, cornmeal, and cheese.—Provisions of the Stewart B. McKinney Homeless Act providing for the distribution of additional flour, cornmeal and cheese to the extent provided in advance in an appropriations Act is extended to include fiscal year 1990.

Subtitle B: Soup kitchens and other emergency food aid

Soup kitchens and other congregated meal sites.—For each of the fiscal years 1989 through 1991, the Secretary shall purchase and distribute commodities equal in value to \$40 million per year to soup kitchens, food pantries and other emergency feeding centers. These commodities shall be in addition to the levels traditionally

supplied to such institutions through donations by the Department to charitable institutions.

The amounts of these additional TEFAP which the Secretary will be required to distribute shall be allocated based on the same formula used for TEFAP: 60 percent based on persons in poverty and 40 percent based on unemployed persons in the state. States will be required to use some of the funds received through TEFAP (each state's share of the \$50 million in TEFAP administrative funding) to cover costs of handling these commodities.

Commodities which states indicate that they will not be able to use in TEFAP or in this program (designed to aid soup kitchens, food pantries and congregate meal sites) will be reallocated to other states by USDA.

Subtitle C: Basic food stamp benefit levels

Food stamp benefits were originally calculated using the Economy Food Plan. Families were issued, in coupons, the value of the Economy Food Plan so that they could attempt to purchase a nutritionally adequate diet at retail food stores. The dollar value of that plan was set equal to 80% of the Low Cost Food Plan during President Nixon's Administration.

Since that time, however, the Department switched to the Thrifty Food Plan, which replaced the Economy Food Plan. The Thrifty Food Plan is now worth 78.2% of the Low Cost Food Plan over a three year phase-in period. For a four person family with no income this will increase the value of their monthly food stamp benefits by about \$5 per month.

Subtitle D: Commodity Supplemental Food Program

The Secretary will be required to supply seven million pounds worth of cheese (the level supplied by USDA last year) to the Commodity Supplemental Food Program (a program similar to WIC.) The Secretary will be required to use surplus cheese acquired by the Commodity Credit Corporation for this purpose.

TITLE II: NUTRITION IMPROVEMENTS

Subtitle A: Food Stamp Act of 1977

Household definition.—This amendment would change the definition of a food stamp household so that it is similar to that established in the Omnibus Budget Reconciliation Act of 1981. Under this bill minor children living with non-elderly non-disabled parents will not be able to be considered as being in a separate food stamp household even if they purchase food and prepare meals separately from their parents.

At present, an entire page of law is required to define food stamp household. In summary, it prohibits most adult siblings who live together from being separate households even if they purchase food and prepare meals separately unless at least one adult sibling has minor children. Also, under current law, most non-elderly parents living with their children cannot become separate households (even if they separately purchase food and prepare meals). But three generations living together can be considered as separate if they separately buy and prepare meals and if the parents live with minor

children. The current household definition is much more complicated than this description which oversimplifies current law for the sake of brevity.

The Committee believes that this bill is consistent with the intent of the 1981 amendments. The committee is making this change in the interest of simplicity and uniformity. The purchase and prepare test is most familiar to case workers and, therefore, should be easier to apply. The Committee is also concerned that the current rules may have contributed to homelessness when they were applied to relatives who, though sharing the same roof, were not depending on one another for support. To prevent further confusion and ensure that food stamp rules do not have this unintended effect, the Committee believes that this amendment strikes the proper balance.

Categorical eligibility.—Categorical eligibility allows households composed entirely of AFDC or SSI recipients to be found eligible for food stamps based upon findings that they are eligible for those other programs. Households still must meet the food stamp program's employment and training requirements, and benefit levels are calculated under normal food stamp rules. But relying on eligibility determinations made under other programs can greatly reduce the paperwork burden on both applicants and eligibility workers while assuring that food stamps go only to very needy individuals.

Categorical eligibility is facilitated by the use of common application forms for the programs. Households must, of course, have a place to indicate if they want their application considered only one for AFDC or SSI rather than food stamps. Because a large proportion of the members of categorically eligible households are on SSI, the Committee has supported categorical eligibility as a way of helping to provide the disabled with benefits to which they are entitled.

This provision continues categorical eligibility for food stamps of households comprised solely of AFDC or SSI members. This provision currently comes up for reauthorization in 1989, one year earlier than the rest of the Food Stamp Act. A similar extension passed the House in H.R. 1720.

Apply gross income test.—The bill also changes the current requirement that households which do not contain an elderly or disabled member must meet both a gross income test (130% of the poverty line) AND a net income test (100% of poverty) to be eligible for food stamps. The bill applies only the gross income test.

Few households who pass the gross income test will receive any benefits even if they fail to meet the net income test. Thirty percent of their net income will almost always exceed the maximum benefit rate, leaving them ineligible to receive any food stamps. Applying only a single test to each household—a net income test to households with an elderly or disabled member and a gross income test to all other households—the task of eligibility workers should be substantially simplified.

Monthly reporting/retrospective budgeting.—The bill makes the use of the monthly reporting system a state option. The current monthly reporting system requires that unless a state secures a waiver from the Department, households in the states with earn-

ings or a recent work history must mail in a detailed form each month.

The Committee expects that state agencies would exercise this option based upon their own evaluations of the costs and benefits of monthly reporting for their own caseloads; USDA should not attempt to influence states' decision either way.

This section also requires states to ensure that households that are subject to monthly reporting receive a monthly report form and appropriate instructions each month. This provision is intended to reduce the "churning" of eligible households off of the program because of technical non-compliance with monthly reporting obligations that they do not understand.

Providing one initial allotment of food stamps.—This provision requires states to issue one allotment to households that apply late in the month. The allotment is for the remaining portion of the month in which they apply and for the next month (if they are eligible for benefits in that month). This provision should reduce administrative costs and respond to the emergency needs of many new applicants.

Optional information activities.—At present, states may provide information about the food stamp program to homeless individuals and receive the normal 50% federal match to cover their administrative expenses for that informational service. This change allows states, at their option, to provide program information to any low-income households and receive the 50% match.

Subtitle B: Child Nutrition Act of 1966 and National School Lunch Act

School Breakfast Program.—Increases the breakfast reimbursement rate provided by USDA to participating schools by 3 cents, per student, per meal. Current rates (rounded) are: for the poorest children (who receive free breakfasts)—76 cents; for the less poor—46 cents; and 13 cents for the children who pay full price.

Child Care Food Program.—Provides, for children that are maintained in child care centers (not family or group day care homes) for 8 hours per day or longer, that the center can receive a reimbursement from USDA for up to two meals and two snacks or three meals and one snack, per day. Currently, centers and day care homes are reimbursed for a maximum of two meals and one snack per day.

WIC eligibility for the homeless.—Provides that homeless persons eligible for WIC can apply and be considered for participation. Also requires that the local agencies assist any such individuals in making proper application for the WIC program.

Summer Food Service Program.—Allows private universities that operate the National Youth Sports Program to receive a federal reimbursement for meals served to the needy participants of that program. Public universities now are eligible to receive such a reimbursement. The bill also allows private non-profit organizations into the summer food service program so long as they do not operate at more than five sites and meet other requirements. Presently only public agencies, school food authorities and summer camps are allowed to participate.

TITLE III: ADMINISTRATIVE IMPROVEMENTS AND SIMPLIFICATION

Subtitle A: Reducing unnecessary paperwork

Resolution of disputes.—Where it is appropriate, caseworkers will be required to attempt to contact the household to inform them of what needs to be done to comply with program requirements. For example, if a family forgot to sign its reapplication for benefits the caseworker would be required to send a notice to the household or to attempt to reach it over the phone to tell them to sign the form.

This provision would not apply in cases where conciliation is inappropriate because there is no possibility that the household can straighten out the problem. For example, the provision would not apply to cases where the household exceeds the income or resource limits, where the household has already lost a fraud disqualification hearing, or where a household member who has died is being removed from the case.

Simplified application forms.—Requires USDA to assist states, if they request, with the development of simply-written and readable "common" application forms. These "common" forms are for use for households applying jointly for food stamp and AFDC or medical assistance programs.

Many of these common application forms are lengthy, some are over 30 pages, and very complex. At least some college education is necessary to understand them. With many food stamp applicants reading at the sixth grade level, or below, these forms pose unnecessary problems which may result in an increase in errors.

This section also provides that applications would be required to have prominent notices of the current regulatory requirement that allows households to file applications immediately.

Statement of required verification.—This section requires that food stamp offices give all applicants a clear written statement of what they must do, and what items of verification they must bring in, or supply, to have their applications processed. Providing recipients with better information on what to verify should result in reduced error rates.

At present some offices only verbally inform applicants what they need to bring to the interview. Different workers may make different oral requests—or leave out required information. Others tell applicants what they must verify (e.g., their "resources") without ever telling them what types of documents are acceptable. As a result, many applicants and recipients must make several trips to food stamp offices to bring in verification.

This section also would prevent food stamp offices from requiring households to re-verify current information unless the existing verification is questionable. This would prevent states from requiring, as a matter of general policy, that all households produce multiple verification of certain factors of eligibility. Where a household produced inadequate verification, such as a two-month-old pay stub, the office could of course require that appropriate verification be provided.

This section also provides that applications will not be denied solely because of the failure of a person outside the household to cooperate with the state in providing information to the state

about the household. However, in such a situation the state would have to verify information needed in order to process such an application. (This rule would not apply to any person not cooperating who would otherwise be part of the household but is not considered a food stamp household member because the person was disqualified for program fraud, failing to register for work, being a college student who is not working 20 hours a week or being an ineligible alien.)

Opportunities to make reports to food stamp offices.—This section requires states to establish state standards, in their plan of operation, that allow applicants and recipients reasonable access to certification workers, in person and by telephone. This section is designed to increase the accuracy of benefit allotments by allowing households to report changes on a timely basis—that should help prevent overissuances that count as errors against states.

The section also requires that change reports, including those from households choosing to mail in their reports, will be promptly reviewed by the state agency to make the appropriate reductions or increases in benefits. Where the report does not call for the state to make an immediate change, but indicates that a change is expected to occur in the future, the case worker receiving the report would be expected to take appropriate action, such as noting the report in the case file so that the state can be in a position to issue the appropriate amount of benefits.

For example, where a household member reports receiving a raise, the state agency should be ready to act when it receives a pay stub showing the new wage level, or where a household member reports applying for disability benefits, the state agency should be ready to take appropriate action when the application is approved, in accordance with Social Security's decision.

Subtitle B: Assuring accurate issuances of benefits

Correcting improper denials and underissuances.—This section responds to a problem identified by studies the General Accounting Office and USDA conducted last year. Both agencies found that many states have been seriously under-reporting their rates of improper denials and terminations. The Committee has acted repeatedly over the years to ensure that households not receive overissuances of benefits. The Committee is no less concerned, however, that eligible households receive the full measure of food stamps to which they are entitled because of their circumstances.

Current regulations require states to sample their caseloads for improper terminations, denials and underissuances of benefits to eligible households. This section seeks to ensure that states make maximum use of whatever information have about improper denials of benefits. States would be required to take appropriate corrective action, including the issuance of "lost benefits" to affected households, where they found underissuances to households. This section would not change the Food Stamp Act's limitation on the payment of lost benefits to those that were underpaid within a year prior to the date the problem was discovered by the state agency or became the subject of a complaint.

This section in large measure codifies current regulations (7 CFR 273.17), which require states to correct known errors. It also re-

quires that the State, where appropriate, identify and correct misinterpretations that have caused an error. For example, a state agency would have to modify its food stamp handbook if errors were being caused because a state food stamp handbook incorrectly reflected federal law. The state would not have to take corrective action beyond individual cases where the error was peculiar to that case, such as an arithmetic error or a misunderstood conversation.

Special training of caseworkers.—Many caseworkers receive little or no training on how to treat farm income and assets for food stamp households. One farmer in Nebraska filed suit after four different caseworkers came up with four different totals for net income.

This section, therefore, permits a state to conduct more intensive training for caseworkers who serve farm households or other self-employed persons, and requires USDA to annually publish instructional materials designed for use by states in such training. These materials should make existing state training programs more effective. States would still be able to design their own instructional materials for use by their caseworkers.

Training of certification workers and community resources.—This section provides that states must train eligibility workers so that eligible persons will be promptly and accurately certified. This should reduce both erroneous overissuances and erroneous underissuances. The state agency *may* also provide for the training of other persons (volunteers, public interest groups, staff in other social service agencies, etc.) that provide food stamp program information activities or eligibility screening to persons potentially eligible for food stamps.

Preventing incorrect issuances.—This section requires that states must provide the household with a statement that describes household reporting requirements, and provides a toll-free or local telephone number where the household can get program information and can report changes during regular business hours. A telephone number where collect calls will be accepted by the state will also suffice.

Subtitle C: Reducing barriers in rural America

Transportation difficulties in rural areas.—This section requires that states shall designate areas of their state as rural, defined for this purpose as rural areas where low-income persons face substantial transportation difficulties.

For persons living in these areas, the in-office interview would not be required where such an interview would create a hardship. However, an interview would still be required. The interview could be conducted, for these rural areas, by telephone, by visiting the home of the household, or in a location accessible to the household.

Also, in these areas coupons would be mailed to the household unless the household's mail losses exceeded standards, already provided for in current regulations, established by the Secretary. One other exception would also apply. For any area with a mail loss rate in excess of the limit set by the Secretary the state would not be allowed to mail issue coupons in that specified area. Other delivery systems would have to be used.

The language also allows states to use other direct benefit delivery systems in rural areas. These could include the use of electronic benefit delivery systems.

Outstanding eligibility workers.—This section provides, except as stated immediately below, that for towns of more than 5,000 persons more than 30 miles from the local certification office that serves the town, the state must station an eligibility workers in the town at least twice a month at announced times.

This should reduce the burden and difficulty low-income rural households face in getting to the food stamp office to apply for benefits or to comply with other program requirements. States are, however, allowed to serve such persons in some other manner designed to provide reasonable access to the food stamp program, such as allowing households to file applications, submit verification, and so forth at an AFDC office that does not normally handle food stamps.

Standards for closing of food stamp offices.—In some rural areas, access to the food stamp program has been reduced by the closing of local food stamp offices. When the office that has been serving a community for years closes, low-income people may be forced to travel substantial distances to the next-nearest office. Those without adequate transportation, although eligible, may have to leave the food stamp program altogether.

This section would not prevent states from closing offices, but it would require appropriate attention be given to the closing's effect on a local community. This would require states to consider the effect of closing or relocating food stamp offices on the project area, and to consult with local elected officials and members of the public before an office closes or is moved. States also would be required to make plans to minimize the adverse effects of a closing on the local community.

Subtitle D: Eliminating inequities for farmers and others

Continuation of food stamps to participants in cash-outs of other benefit programs.—To experiment with new approaches regarding assistance programs, Federal or state agencies have converted in-kind benefits to cash (in other programs) for a variety of reasons. Some may feel that this will increase the involvement of the private sector in providing benefits to low-income people by allowing recipients to purchase services from them directly.

Some may feel that it will build individual initiative and responsibility for people to arrange their own service rather than passively accepting what the public agency has arranged for them. Some may feel that this approach will make recipients more keenly aware of the need to limit their use of costly services.

Whatever the reasons, the merits of these programs should be judged with reference to the goals of those programs. Current food stamp law could, however, seriously inhibit such arrangements. The food stamp program does not count the value of in-kind services as income, but when those same services are cashed-out they may be treated as income unless they are excluded as reimbursements.

Thus a cash-out that provides an identical level of benefits to that which had existed previously would make a recipient house-

hold worse off because it would cause their food stamps to be reduced. This result is unfair, is contrary to the intention of the food stamp income rules, and is an unnecessary damper on innovation in other programs.

This section provides, for federally-authorized projects, that when benefits traditionally supplied in non-cash forms (benefits not in the form of money payable directly to a household) are converted to cash payments, the food stamp exclusion for non-cash payments shall continue. This change will ensure that the agencies administering other programs can test alternate benefit delivery systems, and will prevent distortion of the results.

Annualizing self-employment income and expenses from farming.—This section allows self-employed farmers with regular income but irregular expenses to annualize their income and expenses in the same way as other self-employed persons. Currently, only irregular income can be annualized.

In some states, farmers who only have income from farming operations are excluded from the food stamp program. Although their expenses, and hence their net incomes, fluctuate greatly, these farmers would be eligible for food stamps if permitted to annualize their incomes and expenses.

For example, dairy farmers' income such as milk payments from private dairies, often come on a regular monthly basis while the farmers' expenses are irregular. USDA's policy, however, permits self-employed people to annualize their income only when the income is received less often than monthly. Because dairy farmers have regular monthly income, their income and expenses cannot be annualized in states which stringently enforce this USDA policy. (Dairy farmers who have other forms of income which are irregular, such as occasional sales of crops, are allowed to annualize in these states.)

As a result, a dairy farm household can alternate from eligibility to non-eligibility from month to month as their seasonal expenses rise and fall. Because of the difficulty in applying for food stamps and delays in processing, few dairy farmers in these states are willing to go through the application process for each month in which they become eligible for food stamps.

This section applies to all farmers, making clear that the right to annualize income and expenses is not being taken away from any other self-employed farmer.

Households in transition.—This section creates a one-year grace period for the exemption of assets on farms in transition. Land and machinery used in farming would remain exempt resources for one year after a farm household has stopped farming before being counted against the food stamp program's asset limits (\$3,000 for a household with an elderly—\$2,000 for all other households).

Energy assistance technical correction.—This section would change the order of the language of the Food Stamp Act's exclusion of energy assistance to clarify that USDA and local agencies do not need to conduct an inquiry into the purpose of a federal statute before excluding federal "payments for the purpose of energy assistance". The law as now written could be read to require this analysis.

The crucial question should be whether the purpose of the payment is energy assistance, not whether the statute, as a whole, is primarily for energy assistance or includes other human services as well. This change is not intended to change current policy.

The Committee wishes to make clear that the question of whether the excludability of moneys as "energy assistance" is tested under the rules for federal energy assistance or the rules for state and local energy assistance should be determined based upon who first earmarked the moneys as energy assistance. If a federal law or regulation authorizes energy assistance payments, those moneys would be excluded under the rule for federal energy assistance.

If, however, the federal law merely provides an undifferentiated allotment of money to a state (such as a human services block grant), which the state elects to provide as energy assistance, then it would be evaluated under the factors the Act sets forth for weighing state and local energy assistance, with reference to any of the factors in the Secretary's regulations that apply.

The Secretary's regulations determining how money is earmarked were upheld against a challenge by recipients in the educational benefit context in *Shaffer v. Block*, 705 F.2d 805 (6th Cir. 1983), and *Burkett, v. U.S.D.A.*, 764 F.2d 1203 (6th Cir. 1985).

Treatment of resources that may not lawfully be converted to cash.—Food stamp requirements may require families to sell farm resources to avoid being determined ineligible to receive food stamps, even though the sale of certain assets might not generate any income in excess of existing liens or security interests. This section ends that practice.

This section addresses an additional matter. Current rules could be interpreted as requiring the liquidation of a resource in a manner contrary to state law; this section does not require such sales for food stamp purposes.

Subtitle E: Reducing barriers for the elderly and disabled.

Disabled persons receiving benefits under standards at least as stringent as those in the Social Security Act.—This section includes in the definition of "disabled", for food stamp purposes, persons who receive state benefits for the disabled if those eligible for such assistance must meet requirements at least as stringent as for Supplemental Security Income (SSI) benefits. The Secretary and state food stamp offices would not be required to scrutinize individual determinations made under the state disability program. Instead, the definition of disability in the state statute or regulations could be compared with the definition in the Social Security Act.

This provision also includes in the definition of "disabled" for food stamp purposes, persons receiving disability-related Medicaid (eligibility for which is determined under the SSI disability test) and persons states have found eligible for "interim assistance" pending full verification of their disability under the SSI program as long as the requirements are at least as stringent as those in the Social Security Act.

The Social Security Administration often takes months or years to approve applications for disability payments. Although getting retroactive benefits late is better than not getting them at all, several states have recognized that getting benefits on a current basis

does a better job of meeting disabled people's needs with interim assistance or disability-based Medicaid. In very much the same spirit, the Committee wishes to recognize these earlier decisions as meeting the definition of disability.

Simplified procedure for claiming the excess medical deduction.—Current law provides that households containing an elderly or disabled member can obtain a monthly deduction to the extent that medical expenses of the elderly or disabled members exceed \$35 per month.

Many elderly or disabled have recurrent monthly medical costs. State administrative costs could be reduced by having states develop a monthly estimate of these recurrent costs. These households would have to initially verify and establish that these medical expenses recurred monthly. This deduction would mean that those expenses would not have to be added up and verified each month. Other, non-recurrent, medical costs would not be affected by this provision.

Coordinated application.—This section requires states to inform applicants for AFDC that they may apply for food stamps along with their application for AFDC and without a separate interview.

To encourage "one-stop shopping" and reduce administrative burdens for state agencies and applicants alike, current law allows eligible people to apply and be interviewed for AFDC and food stamps at the same time. This section provides for notice to applicants of this opportunity.

TITLE IV: FAMILY SELF-SUFFICIENCY

Exclusion of advance payment of earned income credit.—Under the Internal Revenue Code certain low-income households can receive "earned income tax credits" (EITC) as part of their income tax refund, as part of their paycheck (a reduction in taxes withheld) as advance payments, or as a reduction in taxes that otherwise would have been paid at the end of the year.

Under current law, these payments are counted as part of income to the extent the credit is paid "in advance" in each paycheck. This amendment would exclude that income from consideration as income for food stamp purposes, this would make work more attractive from an economic standpoint than is now the case. It would also preserve equity between low-income workers receiving the EITC in different ways.

Deduction for dependent care.—Current law provides for a dependent care deduction of \$160 per month per household—no matter how many dependents. This section thus keeps the current statutory limit of \$160 per month but applies that limit to each dependent. This approach is consistent with AFDC procedures and with S. 1511, the Senate welfare reform bill.

Limitation on resources.—Under current law in effect since 1977, a household may exclude \$4,500 from the fair market value of a vehicle for food stamp purposes. Any value in excess of that amount is counted toward the \$2,000 resource limit (or the \$3,000 limit if the household contains an elderly person). If the total value of all household resources exceeds the pertinent limit the household is ineligible for food stamps. This increase in the value of the

exclusion is based on projected inflation increases over the next five years and increases the exclusion up to a maximum of \$5,500, in 1993. It keeps the maximum at \$5,500 for all subsequent years.

Employment and training.—As under current law this section provides employment and training requirements for certain households not exempt from work registration (for example, generally persons between the ages of 18 and 60 who are physically and mentally fit are not exempt). This training is to assist food stamp recipients in gaining skills, training, or experience that will increase their ability to get off the program through employment.

There are two major changes from current law in this employment and training package. To enable persons to participate in job training the provision requires states to reimburse the individual for dependent care expenses and for transportation and other actual expenses. The reimbursement for dependent care covers actual costs up to \$160 per month per dependent. However, a state may raise that level to the maximum level set under AFDC for the reimbursement of child care expenses for individuals participating in an AFDC employment and training program under Title IV-A of the Social Security Act.

The other major change from current law involves performance standards. Performance standards will be changed to focus more on outcomes and on allowing states flexibility to target their programs on those who have greater barriers to employment—thus focusing scarce resources on those most in need of assistance.

TITLE V: DEMONSTRATION PROJECTS

Farmers' market coupons demonstration project.—This provision allows the Secretary to award 3-year grants to each of 10 states to conduct demonstration projects to provide WIC recipients with coupons that may be exchanged for foods (such as fruits and vegetables) at farmers' markets.

To qualify for the grant the state must agree to provide at least 30% of the cost of the program. In approving grants the Secretary must give preference to applications from states that are operating similar projects with state or local funds—and the Secretary must select, if they apply and otherwise qualify, each of the 5 states that now operate such programs.

The value of the federal share of the benefit provided to an individual may not be less than \$10 per year or more than \$20 per year.

The bill authorizes to be appropriated \$2 million for fiscal year 1989, \$2.8 million in 1990 and \$3.5 million in 1991.

Food bank demonstration project.—The Secretary may carry out at least one demonstration project in each of the standard Federal regions to directly provide agricultural commodities (made available under section 416 of the Agricultural Act of 1949 or section 32 of the Agricultural Adjustment Act) directly to food banks.

The Secretary must report to the Congress by January 3, 1990 on the success of such a program. There is authorized to be appropriated \$400,000 for each of the fiscal years 1989, 1990 and 1991 to set up such projects.

Day care home demonstration project.—The Secretary is required to conduct, in one state, a pilot project whereby family or group homes, as well as day care centers, will receive a reimbursement from USDA for one additional meal or snack served to children staying at least eight hours per day. At present, reimbursements are provided for two meals and one snack (supplement) no matter how long the children stay at the home during the day.

The project shall determine if the additional reimbursement offer would increase participation in the Child Care Food Program by family and group day care homes. The project shall also examine the extent to which meal service increases at such homes and the nutritional impact of the additional meal or supplement.

A preliminary report to the Congress on this matter is due August 1, 1989. The final report is due after conclusion of the project. It is hoped that this information will prove useful during the Congressional reauthorization analysis of the child nutrition programs.

The Committee intends that, as agreed at the full Committee mark-up on June 14, this demonstration project will take place in Minnesota. According to 1987 data on the Child Care Food Program, Minnesota serves a large number of children meals through family day care homes, and a large proportion of the Child Care Food Program meals served in day care homes.

TITLE VI: IMPLEMENTATION

The effective dates of some of the more significant provisions of this bill are summarized in this section. The TEFAP, Commodity Supplemental Food Program, and congregate feeding provisions are effective October 1, 1988. The change to 79% of the Low Cost Food Plan is effective January 1, 1989; to 79.5% on October 1, 1989; and 80% on October 1, 1990.

The new household definition is effective January 1, 1989. The income standards of eligibility, categorical eligibility provisions, state optional monthly reporting, the WIC homeless provisions and the elimination of a gap in benefits (section 205) are effective October 1, 1988.

The child nutrition provisions (improvement in school breakfast and child care food programs) and the food stamp optional information activities provisions are effective July 1.

All the provisions of title III (Administrative Improvements and Simplification) are effective July 1, 1989.

The employment and training provisions (the provisions involving reimbursement for expenses and provisions relating to Indian reservations) are effective July 1, 1989. The vehicle inflation adjustments, farmers' market coupon demonstration project and the food bank demonstration project provisions are effective October 1, 1988.

The increase in priority of TEFAP over commercial sales of dairy products abroad (under section 101 of this bill) is effective on enactment.

COMMITTEE CONSIDERATION
HEARINGS

January 30, 1988

The Subcommittee on Nutrition and Investigations conducted a hearing at the Kennedy High School Auditorium in Cedar Rapids, Iowa, on Hunger and Related Nutritional Issues. Senator Harkin, Chairman of the Subcommittee, presided. Witnesses included: Dr. John MacQueen, National Maternal and Child Health Center, Iowa City, Iowa; Ms. Ruby Jungjohan, North English Community Center Board, North English, Iowa; Ms. Joanne Lane, Exceptional Persons, Inc., Waterloo, Iowa; Reverend Mike Smith, United Methodist Church, Lorimor, Iowa; Mr. Don Maniccia, HACAP, Cedar Rapids, Iowa; Mr. Chris Carman, HACAP, Cedar Rapids, Iowa; Ms. Debra Reid, Marion, Iowa; Ms. Karen Ford, Food Bank of Iowa; Des Moines, Iowa; Ms. Marcella Prevo, Maternal and Child Health Clinic, Ottumwa, Iowa; Ms. Doris Bishop, Waterloo Community School Summer Food Program, Waterloo, Iowa; Mr. Russ Proffitt, Heritage Agency on Aging, Cedar Rapids, Iowa; Mr. Bill Armstrong, Commodity Distribution Program, Iowa Department of Human Services, Des Moines, Iowa; Ms. Jane Jorgenson, Iowa Department of Human Services, Des Moines, Iowa; Mr. Dennis Bach, Iowa Department of Health, Des Moines, Iowa; Dr. Elizabeth Schafer, Professor of Nutrition, Iowa State University Extension Service, Ames, Iowa; Dr. Jacqueline DuPont, Iowa State University Food and Nutrition Department, Ames, Iowa; and Mr. David Alspach, Regional Administrator, Food and Nutrition Services, U.S. Department of Agriculture, Mountain Plains Region, Denver, Colorado.

Discussion.—Senator Harkin stated that the Subcommittee would hear testimony from state and local food program coordinators on the adequacy of federal resources being committed to food programs, and their recommendations for increased efficiency and effectiveness of USDA programs providing nutritious foods to needy persons.

Senator Harkin's opening statement pointed out that economic hardships in the U.S. have hit certain segments of our population harder than others, and that poverty has increased by 10% overall in the past decade. He emphasized that in 1986, 32.4 million Americans were at or below the poverty level, including 13 million children and 3.5 million elderly, and that the Food Stamp Program, our largest food assistance program, reaches only 19.4 million of those people. This illustrated, he stated, an increasing need for adequate and efficient nutrition programs, and he hoped the witnesses would address the question of how we can better alleviate hunger—whether it be at the level of individual need, distribution or administration.

The first witness, Dr. John MacQueen, a pediatrician and the Director of the National Maternal and Child Health Center, emphasized the need for adequate nutrition for children in order to fight against chronic illness and health-related developmental, educational and behavioral problems. Dr. MacQueen, as a member of the Physician's Task Force on Hunger in America, provided the Sub-

committee with a report, "Hunger Reaches Blue-Collar America: An Unbalanced Recovery in a Service Economy".

Dr. MacQueen pointed out that hunger is often accompanied by malnutrition, which weakens childrens' immune systems—a leading cause of infant mortality. He testified that there is a direct relationship between hunger and poverty, and that a number of studies have found malnutrition to be substantially higher for families at or below the poverty line.

Dr. MacQueen testified that a clinic in rural Iowa had reported more cases of childhood malnutrition in the first three months of 1987 than it had seen in the past three years. Dr. MacQueen recommended expansion of the food stamp, WIC, school meal, and elderly feeding programs, as well as a series of actions to enable families to purchase adequate diets.

Ms. Ruby Jungjohan, who works with the Heritage Area Agency on Aging, an organizer for the local Congregate and Home Delivered Meal Program for elderly persons, testified to the importance of this program to be nutritional health of the elderly population. She stated that many elderly persons are prevented from participating in these feeding programs because of transportation difficulties and also a stigma associated with feeding programs in rural areas. She believes outreach should be provided.

Ms. Jungjohan stated that government cuts in funding have made it difficult for these small programs serving the elderly in Iowa to keep their sites open.

The next witness, Ms. Joanne Lane, of Exceptional Persons, Inc., runs a child coordination and referral service. She testified in support of the need to maintain and improve the Child Care Food Program (CCFP). CCFP provides meal reimbursements for nonprofit day care centers, Head Start, private preschools, and family and group day care homes. As mothers with children under school age increasingly join the work force, and with the new welfare reform initiatives that will increase the need for child care, she said, the CCFP will become even more vital to young families.

To further support and encourage day care providers, Ms. Lane recommended two changes in the meal reimbursement policy for CCFP. First, she criticized the current CCFP policy that requires day care home providers who are also on AFDC to count their meal reimbursements as taxable income for AFDC purposes. This is a disincentive for a day care home, especially in rural areas. Ms. Lane recommends that meal reimbursements be excluded for AFDC income purposes.

Second, Ms. Lane pointed out the inadequacy of the limitation in current law that allows meal reimbursement to child care providers only for up to two meals and one snack per day, or one meal and two snacks per day per child. Reports from her day care providers indicate that most children spend 9-10 hours in day care, and she recommended that another meal or snack reimbursement be authorized. According to her testimony, almost 20 percent of the day care homes in CCFP provide services to low-income children qualified for free or reduced price meals, and 84 percent of parents seeking child care referrals want their children care for in day care homes (75% have annual family incomes less than \$15,000, 12% earn between \$15,000 and \$25,000, and 13% exceed \$25,000).

Ms. Lane said that CCFP participants have difficulty in reaching area rural counties due to a lack of resources. She finished by quoting a recent Iowa State University study which found that homes participating in the CCFP program are more concerned about nutrition than those which do not.

The next witness was the Rev. Mike Smith, pastor of three rural communities in Iowa which have been hard-hit by poverty. Reverend Smith's food pantry receives no Federal funds. He testified that he cannot adequately serve the poor in his community.

Reverend Smith cited many difficulties in transportation to congregate meal sites, and in accessing the food stamp program for eligible persons in his community. High utility costs, medical costs, and food costs prevent minimum-wage working families from making ends meet. At the same time, unfair deduction levels, complex application forms and the lack of outreach for rural households creates barriers to participation in the food stamp program, according to Reverend Smith's testimony.

Reverend Smith stated that for families with children, food stamp benefits do not meet nutritional needs. Many people in this community run out of food before the end of the month. They then must turn to food pantries, who are also short of food and money. If he were to recommend one change in food programs, Reverend Smith emphasized the importance of simplifying application forms and providing educational outreach to allow eligible persons to access the Food Stamp Program.

Mr. Don Maniccia coordinates HACAP, a network of food assistance programs in Iowa. These programs range from child care to commodity distribution of all types, including elderly feeding, TEFAP, Second Harvest food banks and community meal programs for the homeless, as well as a small food stamp outreach program. Coordinating these different programs, he testified, produces enormous amounts of paperwork and the conflicting requirements and regulations of each Federal agency place many limitations on the services they can actually provide to people. Mr. Maniccia stated that Federal programs should serve as a base for coordinating and complementing local efforts rather than standing alone as separate program.³

Mr. Chris Carman, also from HACAP, testified on the importance of day care centers in the Child Care Food Program by pointing out that nearly 60 percent of our nation's children are from families with either a single working mother, or two working parents. He testified that the Child Care Food Program has had a major impact on the health and well-being of young children in nonprofit day care centers and Head Start, and that these programs depend heavily on CCFP for nutritional support. Mr. Carman recommended an additional reimbursement for a snack or meal for day care providers where many children easily spend over ten hours each day. Mr. Carman stated that CCFP meal reimbursements are modest, and do not generally exceed the actual food costs involved.

The next witness, Ms. Debra Reid, also testified in support of the Child Care Food Program. Ms. Reid has provided day care services both as a day care home provider and as a supervisor in a day care center not registered in the CCFP. She provided a comparison of

meals served to children in both programs, and described the training and accountability required of CCFP providers. She recommended strongly that adequate reimbursement be available for nonprofit day care providers under CCFP, because day care centers often sacrifice quantity and nutritional quality of meals in order to save money, and children go hungry because of it. CCFP centers must adhere to strict regulations and standards for their meals in order to be reimbursed by the government.

Ms. Karen Ford, of the Food Bank of Iowa, offered several recommendations supporting food banks in commodity distribution programs. Food bankers in her area strongly believe that more commodities are needed, and that transportation is vital to get commodities into their area. Her food pantry associates speak of housing problems, homelessness, and larger issues about food stamps. They are especially concerned about education for the needy, in particular the homeless, through a rural food stamp outreach project. As a private food bank representative, Ms. Ford would like to see the incentive for charitable donations, such as tax deductions, be increased.

Ms. Marcella Prevo, of the Maternal and Child Health Clinic, directs programs providing nutrition intervention, preventive health care, education, counseling and referral for pregnant mothers, infants and children in a very high poverty area in rural Iowa. Ms. Prevo said that transportation is one of the greatest difficulties encountered when trying to reach families in their service area. Her program provides integrated services, which greatly enhance care to families, but she stated that agencies cannot share information due to Federal regulations on confidentiality, and this results in repeated applications to process and often in the duplication of services.

Ms. Prevo stated that paperwork requirements are especially burdensome in rural areas because of the "rural day" demands for longer hours and travel between sites. In addition, conflicting eligibility guidelines for the integrated programs make errors and duplication unavoidable. Ms. Prevo emphasized the progress children make in the integrated service program, and stressed that if there were some way to establish continuity in eligibility, and consistent federal guidelines, the agencies, the staff and the recipients would be better off.

Ms. Doris Bishop, of the Waterloo Community School Food Program, outlined the increasing need and dependency of their community on meals provided to children by the school food program. Ms. Bishop said that the farm crisis has increased the poverty level in her community, and this has been reflected in an increasing number of students receiving free or reduced price meals in their School Lunch Program. Currently, 58% of school meals served are at free or reduced prices, as compared to 37% of meals served in their school district in 1981. In some small rural school districts in Iowa, this rate went up to 70% of meals served at free or reduced prices.

Ms. Bishop stated that it is important to keep the cost of meals low for all children, and that since the 33% Federal funding cut in Child Nutrition Programs in 1981, they have not raised their prices. They began a summer feeding program, at the request of

the Iowa Department of Education, when the number of needy children became such that the communities and church groups realized they just did not have the facilities or the expertise to expand the programs in places where it was needed. She emphasized the importance of increasing commodity support for the summer feeding program, and said that children even came in the rain to receive meals in a park outdoors. She said that the summer feeding program benefits many segments of the population and is vital to the health of the children.

Mr. Russ Proffitt, of the Heritage Agency on Aging, testified on the importance of maintaining the Cash in Lieu of Commodities reimbursement in the Elderly Feeding Program. Congregate meal sites that serve the elderly—as well as providing home-delivered meals—have experienced increases in participation, while facing budget cuts. In his area, many elderly feeding operations utilize satellite meal sites where the food is prepared in one place and transported to another. Their resources consist entirely of small contributions by the participants, and space and utilities donated by the community.

If the Federal government restricts or eliminates the Cash in Lieu of Commodities Program, he stated, many of these operations will not be able to continue serving meals. Lack of resources has been the main reason Cash in Lieu of Commodities is so vital to these community programs, he testified. Transportation costs are high, supportive services are rising, and there is no money left over to pay for storage for commodities. If the government insists that these organizations take commodities rather than cash, there will be no resources—money or space—to accept or transport them.

The next witness was Mr. Bill Armstrong, Administrator of the Commodity Distribution Program in Iowa. He emphasized the importance of a commodity distribution program that was continuous and consistent. He said that the Temporary Emergency Food Assistance Program (TEFAP) should be made permanent because it is the most cost effective means of reaching the nation's needy with food assistance. Mr. Armstrong recommended that Congress establish minimum allocations of commodities to domestic food assistance programs, including TEFAP, and that these programs maintain priority over foreign sales and donations. Mr. Armstrong stated that the decrease in commodities for 1988 has come at a time when many charitable institutions are trying to maintain their services on shrinking budgets, therefore he recommends that commodities be distributed through charitable institutions as well.

Ms. Jane Jorgenson the Food Stamp Program Policy Administrator in Iowa, recommended several changes to the Food Stamp Program to make it more responsive to eligible families. First, she started that an exemption for student loans would assist eligible students who are working to develop skills to attain self-sufficiency, rather than putting obstacles in their path.

Second, she argued that food stamp recipients should be allowed to deduct the principal payments for capital assets as a cost of doing business for self-employed persons. This change would provide relief to farmers who are having the proceeds from the sale of crops or livestock go directly to a lender if a loan is for capital assets.

Third, Ms. Jorgenson urged an increase in the child care deduction—recent surveys in Iowa found the average cost of child care for one child to be \$200 per month—so, in order to allow working families to provide adequate food and child care, the deduction for food stamps should be raised to a realistic level. It was recommended that the same allowance be used as the AFDC program (\$160 per month, per child).

Fourth, Ms. Jorgenson stated that medical deductions for elderly and disabled food stamp recipients should be simplified. Currently, deductions are not allowed until reimbursement has been received, and it is possible that the client may not be entitled to a deduction for as long as one to two years after the expense is incurred. Simplification of medical expense deductions could be to use previous year averages, or to allow a federally established percentage of the total of the bills as the amount of client deduction for food stamps, and prorate it over the next year.

Fifth, she advocated a deduction for payments for child support and alimony for food stamp households—food stamp program policies should encourage people to meet their support obligations rather than discourage them.

And sixth, Ms. Jorgenson stated that emergency general assistance vendor payments should be disregarded as food stamp income in the same way other vendor payments are disregarded.

Mr. Dennis Bach, Director of the Special Supplemental Food Program for Women, Infants and Children in Iowa, testified concerning gaps, duplications or inefficiencies in service within food assistance programs. In 1986, Mr. Bach was a member of a Food Program Evaluation Committee, along with state agency representatives from WIC, food stamps, school lunch, CCFP, EFNEP and the Cooperative Extension Service, which conducted a statewide survey to measure the level and perceived usefulness of cooperation between these programs. Their study determined that approximately 67% of eligible persons received services. Of those receiving services, about 11 percent were referred to another food-related agency, and only 10 percent received any type of nutrition education.

Mr. Bach testified that negative attitudes toward cooperation within the agencies are clearly barriers to delivering services. He believes that it is necessary for agency administrators to build in opportunities for coordination. Mr. Bach stated that barriers to participation need to be identified in order to increase access to the programs for recipients.

Mr. Bach pointed out that a very important part of the successful delivery of services depends on the cooperation and communication between the agencies responsible. Mr. Bach also mentioned a grant program of the Iowa Department of Agriculture to provide food coupons for low income populations for use directly at farmers markets. He recommended that Congress consider letting food stamps be used in the farmers market.

Dr. Elizabeth Schafer, of the Iowa State University Extension Service, said that nutritional education is vital in alleviating hunger and malnutrition. Dr. Schafer described extension activities reaching into the homes of recipients to help families better manage their food supplies by reducing food costs and at the same time improving the nutritional quality of their food intake. She

emphasized that a major barrier to the relief of hunger is lack of knowledge. Dr. Schafer pointed out that in the year 2030, more than one in five Americans will be elderly, and that fewer elderly persons are living in institutionalized settings. This independent lifestyle of the elderly increases the risk of poor food intake, and outreach and education are becoming a priority in extension.

Dr. Schafer said that increasing the intake of fruits, vegetables and dairy products in the diets of individuals will result in an estimated savings of \$21 billion in health care costs and lost productivity. Dr. Schafer recommends that the Expanded Food and Nutrition Education Program (EFNEP) be expanded. Budget cuts in the past two years have reduced funding by 17% in some programs. In Iowa, in 1985 over 83,000 families were eligible for EFNEP, but only 4 percent of those eligible were actually served. Her testimony emphasized that any system of food support that neglects education will ultimately not be as successful as it could be.

Dr. Jacqueline Dupont, of Iowa State University's Food and Nutrition Department, emphasized the need for research in nutrition. She recommended that a new center be established to focus on interdisciplinary research and determinants of food selection, external and internal, physiological and food habits, transportation and pride. Dr. Dupont recommended that the Department of Agriculture reemphasize a past priority of funding for nutrition and research on food use.

Mr. David Alspach, Regional Administrator for Food and Nutrition Services, from Denver, Colorado, recommended changes in the Food Stamp Program to reduce complexity in the regulations, in order to increase efficiency and effectiveness. He pointed out that food stamp caseworkers must deal with certification and eligibility determination by following regulations that have become, year after year, more complex and intricate. He strongly recommended a simplification of administrative procedure in the Food Stamp Program.

March 1, 1988

The full committee held a hearing on Hunger in America and Food Assistance Programs. Chairman Leahy was presiding, and in attendance were Senators Lugar, Melcher, Harkin, Conrad, Bond, and Boschwitz. Witnesses included: Ms. Sara L. Barwinski, Co-Chairman, Missouri Food Stamp Outreach Task Force, St. Louis, Missouri; the Honorable John Heinz, U.S. Senator from Pennsylvania; the Honorable Howard Metzenbaum, U.S. Senator from Ohio; Mr. Matthew Habash, Executive Director, Mid-Ohio Food Bank, Columbia, Ohio; Mr. Tom McDonough, Cleveland Food Bank, Cleveland, Ohio; Ms. Janet Ney, Director, Lehigh Valley Food Bank, Bethlehem, Pennsylvania; James Stephenson, Executive Director, Pennsylvania Coalition on Food and Nutrition, Harrisburg, Pennsylvania; the Honorable Dennis DeConcini, U.S. Senator from Arizona; Ms. Ginny Hildebrand, Executive Director, Association of Arizona Food Banks, Phoenix, Arizona; Mary Jo Henny, Arizona Department of Economic Security, Phoenix, Arizona; Ms. Jane Wynn, President, American School Food Service Association, Broward County, Florida; Ms. Shirley Watkins, President-Elect, American School Food Service Association, Memphis, Tennessee; Ms. Mary

Klatko, Chairman, Public Policy and Legislative Affairs, American School Food Service Association; Howard County, Maryland; Mr. Marshall Matz, Holland and Knight, Washington, D.C.; and Mr. Charles Hughes, President, American Federation of State, County and Municipal Employees.

Discussion.—Chairman Leahy welcome the various groups at the hearing from all regions of America who shared the concerns of the Committee about hunger and poverty. Chairman Leahy said that in visiting commodity operations in soup kitchens and food pantries, he had spoken with those people who depend on TEFAP commodities. Family after family he spoke with, he explained, said their food stamp payments did not get them through the month. This was not hard to believe, he pointed out, with a maximum food stamp benefit of 81-cents per meal, and an average benefit of 51-cents per meal.

Chairman Leahy said that he would join with Senator Harkin, Chairman of the Subcommittee on Nutrition and Investigations, to explore why the reports of hunger in America continue to grow when 18 million Americans are in the Food Stamp Program. He said that 40 percent of the nation's poor are children, and that in 1986, in one month alone, up to 15 million people received TEFAP commodities. He concluded that he wanted to focus the attentions of this Congress on the problems of hunger in the United States—and he wanted to focus on the people, and not only on the programs.

Senator Lugar, in his opening remarks, pointed out that the Temporary Emergency Food Assistance Program (TEFAP), which was established to aid in reducing USDA's inventory levels by donating surplus commodities to the needy, was facing difficulties because surplus inventories were declining. He emphasized a paradox of America agriculture and food policy by pointing out the surges between enormous oversupplies—used to benefit the poor—and dwindling stocks, just when continuity of the program was being sought. He pointed out that because TEFAP was written during a period of heavy surplus, it was placed at the end of a priority list of programs receiving commodities. Many programs, such as the School Lunch Program, ought to go before TEFAP, he stated, but it is now recognized that certain foreign sales requirements found in the 1985 Food Security Act should now take priority behind TEFAP.

Senator Melcher said that it was important to maintain the “infrastructure” of assistance established through our food assistance programs—from WIC's service to pregnant mothers and infants through the network of aid leading finally to congregate meals provided to senior citizens in the Elderly Feeding Program. He stated his strong support for all of the feeding programs which help to meet the nutritional needs of the underprivileged, and emphasized his concern that each program represents a vital link in the food assistance chain.

Senator Harkin commended the Chairman for making hunger a priority of the Senate Committee on Agriculture, Nutrition and Forestry from the very beginning, and said that the Subcommittee on Nutrition and Investigations would hold further hearings on hunger and nutritional concerns. Senator Harkin explained that

two weeks ago he had worked in a community food distribution agency in upper Des Moines, Iowa. He said that he saw people in lines stretching clear down the block in sub-zero weather waiting for TEFAP commodities. He pointed out that in the last decade we have seen not only the feminization of poverty, but the "childrenization" of poverty—not most vulnerable groups, the children, women and the elderly, representing the majority of persons in poverty.

Senator Boschwitz pointed out that many of the problems now facing TEFAP were partly the fault of Congress. He went on to say that often things move quite aggressively, particularly in the area of reducing dairy surpluses.

He stated that, for four years we have had an increase consumption of dairy products. We have reduced the mountain of surplus through TEFAP, which was started in 1981 by the Reagan Administration, and then authorized by this Committee and others in 1983.

Senator Boschwitz said that now we are faced with budgetary constraints which make it difficult to continue the program. A lot of people, however, have come to rely on TEFAP, and it's hard to pull the rug out at this point. He added that we are going to have to fashion some type of solution to this problem.

Senator Conrad stated that we now faced a moral test of government: whether or not it is able to meet the needs of those who cannot help themselves, those who are hungry and those who are homeless. He said that in North Dakota, one of the major agricultural centers of the country, he sees hunger, and he hopes that the hearings can produce a solution to the national problem of hunger.

Senator Bond introduced the first witness with a brief statement stressing that hunger, homelessness and related problems were of grave concerns to the Committee, as well as to all of those attending the hearings. He said that hunger is caused by changes in the economy, trade, jobs, and technology, and that he, also, recognized the feminization of poverty, and the increase in the number of poor children. When he was the Governor of Missouri, he saw the skill and devotion committed to the fight against hunger by the private sector in his State.

Ms. Sara Barwinski is the Co-Chairman of the Missouri Food Stamp Outreach Task Force. She began her testimony with slides illustrating some of the faces of hunger in America. She pointed out that hunger is not restricted to urban America, but stretches clear across this nation. She says that her experience as a social worker and researcher has shown her that America's rural poor are being hit hard, and face many additional barriers to obtaining relief from hunger. Churches and social service agencies throughout the nation, she says, are unable to meet the need and prevent the problem; they can only respond.

Recommendations in her testimony ask that food stamp programs recognize that many of the elderly are suffering because food money is being used to buy medicine, and that high shelter and utility costs force many families to sacrifice food to get by. While food stamps should be America's first line of defense against hunger, she says that some people refuse them out of pride. They rely instead on churches, community agencies and ministerial alli-

ances for food—and these organizations are now facing cuts in TEFAP commodities.

Ms. Barwinski said that many other barriers to participation in the Food Stamp Program need to be eliminated, such as the lack of education and outreach, transportation difficulties, particularly for county offices in rural areas which can be miles away. Limitations on essential second vehicles, she states, was an additional barrier facing rural families. Some eligible people are disqualified for living with relatives, or because they cannot do the paperwork. Complex application forms with embarrassing questions, and sometimes degrading treatment and excessive delays lead to non-participation, Ms. Barwinski testified.

Ms. Barwinski addressed the issue of TEFAP by stating that she believed that the success of TEFAP has been in its assistance to those people whose food stamps do not last the month and for people who have fallen through the safety net and do not receive benefits. She explained that TEFAP is easier to access than food stamps, and she says that the reduced paperwork and simplified access should be applied to the Food Stamp Program.

Senator Metzenbaum spoke to the Committee to stress the importance of hunger relief efforts at the grassroots levels in his State of Ohio. He commended the Committee for the deep concern being given to TEFAP at the hearing, and pointed out that TEFAP has been a lifeline for millions of Americans. He stressed that we must address the matter immediately, because soon the food will be gone, but the hunger will remain.

Senator Metzenbaum introduced the witnesses from Ohio, Mr. Matthew Habash, Mid-Ohio Food Bank, and Mr. Tom McDonough of the Cleveland Food Bank.

Mr. Habash runs a large food bank in Ohio that serves over 300 charitable organizations in 29 counties. Of the 10.7 million pounds of food distributed in 1987, TEFAP represents over half the food distributed. He stated that the loss of TEFAP would mean that 38,000 households in a 10 county service area will lose their supplemental food. He said that most of these are households with children, or are elderly households.

Mr. Habash testified that since 1981 his food pantries have shown an increase of over 300 percent in the number of people they serve each month. The loss of TEFAP will greatly affect, and probably destroy, the network of smaller food banks created to serve the rural poor, he testified.

Several recommendations about what can be done to prevent this drastic loss of TEFAP were offered in his testimony. First, he asked that all available government commodities be distributed, including any commodities not previously distributed, and that TEFAP be made an equal priority with other the domestic nutrition programs using commodities. Second, to continue TEFAP funding by reauthorizing the program. Third, to establish an emergency feeding network that reaches in to one of the most vulnerable areas of America—rural America. Fourth, change the funding formula from an expense reimbursement to one that recognizes the costs inherent in transporting and distributing commodities to where they are needed.

Mr. Tom McDonough added that it was important to understand what really happens when TEFAP stops, and what this means to the individual family. He said that for each family that comes into the food bank, they receive a bag of groceries, about a three-day supply (for a family of three there would be 27 meal equivalents included in the bag).

The elimination of TEFAP commodities would mean that seven of the 21 items contained in the bag would be lost. He explained that what was really overwhelming is that those seven items account for 61 percent of the weight in that bag. The number of meals available to the family will no longer be 27, but a little over ten. "The TEFAP food was the bricks," he stated, "and all the things that they added to make a nutritionally balanced meal were icing on the cake."

Senator Heinz spoke about a Food Bank Demonstration Project he has proposed. He explained that this bill supported efforts to provide greater varieties of commodities to food banks and, most importantly, reinforced the network of emergency feeding organizations that they serve. Senator Heinz said that, for too long, commodity programs have failed to fully utilize the services which those who are poor and hungry are most likely to use—food pantries, soup kitchens and food banks. He emphasized that because there will not be levels of surplus commodities to continue the large scale TEFAP distributions of the past, we should direct commodities into the food bank systems for use in the ongoing operation of emergency feeding organizations.

Senator Heinz introduced the panel which included Ms. Janet Ney of Lehigh Valley Food Bank, and Mr. James Stephenson of the Pennsylvania Coalition on Food and Nutrition.

Ms. Ney prefaced her testimony by stating that the demand for food through community organizations demonstrates that the food assistance programs already in place are inadequate, or that recent changes in the programs discourage participation. She said that the original purpose of food programs, to improve the nutritional status of the poor, has been negated by an emphasis on fraud, rather than assistance.

Ms. Ney said she supported the proposal by Senator Heinz to provide additional commodities for distribution through food banks. Food banking, she stated, is one very effective response to the hunger problem. She pointed out that since Second Harvest was incorporated in 1979, the network has grown to more than 200 food banks around the country. Second Harvest's credibility has been established and affirmed repeatedly, she said, because it monitors its members food banks closely and insists on measurable standards.

Ms. Ney recommended that Congress refer to a report on the Food Bank Demonstration Project published in April of 1984 by the Department of Agriculture that concluded that food banks offer a viable avenue for commodity distribution. She suggested that funds appropriated for TEFAP might be directed into innovative ways to bring commodities back into the food bank distribution process. She believes that maintaining TEFAP funds to support the network of food banks and distribution centers now in operation is vital to sustaining efforts in hunger relief and food assistance.

Mr. James Stephenson expanded on Ms. Ney's testimony by emphasizing the value of good, sound public policy in feeding the hungry. He said that the federal government must have a substantial role in helping voluntary efforts to aid the hungry. He stated that TEFAP and its utilization of food banks has demonstrated how effective a system can be in distributing commodities to those ongoing every day systems. He asked the Committee to expand, increase and target food pantries run by churches and community groups with purchases of nutritious foods instead of surplus commodities from USDA inventories.

The Chairman introduced Senator DeConcini, who was to provide an introduction for the next panel of witnesses. Chairman Leahy noted that Senator DeConcini has a long and well-demonstrated concern on the issue of hunger and has spoken with many members of the Committee about the question of TEFAP and food banks.

Senator Deconcini thanked the Chairman, and stated that Senator McCain had also intended to lend his support for the testimony being offered at the hearings today, but was tied up in other hearings. Senator Deconcini described the unique partnership between the State of Arizona and the private emergency food distribution network. He said that the Arizona Surplus Commodity Distribution Demonstration Project was among the first of its kind and served as the model for the development of other TEFAP programs across this nation. He expressed his concern that since he had been among those first having worked to get the food bank project started, that he was not willing to walk away from it. He hoped the Committee felt the same way.

Senator Deconcini stated that the utilization of food banks for the distribution of TEFAP has saved his state thousands of dollars, and that the witnesses before the Committee today were the principal reason this network existed.

Ms. Ginny Hildebrand described the public/private partnership in Arizona, which, she says, has enabled their food banking network to create a responsive, effective and efficient statewide distribution and resourcing system to help with emergency needs in their state. She said that they have developed new, expanded and permanent food sources at very little to no cost, and have been able to share with neighboring states to help meet their food needs.

Vast resources are untapped, she stated, and by working with produce businesses and the food industry, food bank operations can prove extremely successful. She said that the growth in hunger in Arizona and across our nation has resulted in a 116 percent increase in four years in their distribution of emergency food. A key resource in meeting the needs of hunger relief has been the availability of TEFAP. She believes that by strengthening the food bank systems we can continue this distribution while also focusing on improvements in ongoing programs to remove barriers to participation by hungry people.

Ms. Mary Joe Henny coordinates the Arizona TEFAP program for the state and emphasized that we must look at the successes of the TEFAP network in formulating our policy for the future. She believes the various programs established through this network represent a valuable addition to the efforts of the private sector

and the volunteer sector in terms of time, transportation, and distribution to mobilize resources to provide food to hungry people.

She stated that different programs meet different needs and that we must be careful not to pit one program against another. She urged the Committee to look at ways of coordinating those programs more effectively to get the food out, in any way, shape or form, to the hungry people.

Senator Boschwitz asked the witnesses to comment on the issue of displacement. He stated that he noticed with some interest that their letterhead included representatives from a supermarket chain, and he wondered if they had expressed any concern about displacement of product caused by TEFAP.

Mrs. Hildebrand said that the supermarkets and grocery industries have been very supportive, not only of food banking, but also of the TEFAP program. She stated that she was not under the impression that they feel any strong displacement of their sales as a result of the growth of the TEFAP program or the distribution of those products.

The final panel was introduced by Mr. Marshall Matz. Mr. Matz introduced the leadership of the American School Food Service Association (ASFSA), Ms. Jane Wynn, President. She was accompanied by Ms. Shirley Watkins, President-Elect and Ms. Mary Klatko, Chairman of the Committee for Public Policy and Legislative Affairs. Mr. Charles Hughes of the American Federation of State, County and Municipal Employees, also joined the panel of witnesses in support of the efforts of the ASFSA.

Mrs. Wynn, in her testimony, first emphasized the need to maintain the School Lunch Program efforts to provide nutritious meals to our nation's school children. She pointed out several areas where the attention of the Committee should be directed in order to improve the quality of the meals—and she specifically asked the Congress to provide for a study that would inform the ASFSA how to apply the USDA/HHS dietary guidelines to children.

Ms. Wynn mentioned that many students in schools receive their free or reduced price lunch based on food stamp eligibility—categorical eligibility. She emphasized that when there is difficulty establishing and maintaining this food stamp eligibility, whether it is because of the difficulty in applying for food stamps or the frequency of reauthorizing eligibility under the Food Stamp Program, it not only affects the children at home, but also affects the meals these children receive at school.

She pointed out that the Emergency Hunger Relief Act, soon to be introduced in the Senate, provides for an additional 3-cents reimbursements in the School Breakfast Program. She emphasized that this is a very valuable improvement that will allow schools throughout this country to improve the nutritional quality of the meals they serve. It will encourage expansion of the School Breakfast Program by providing an incentive to districts who perhaps have been reluctant to enter into the breakfast program, Ms. Wynn stated. She also confirmed the understanding of the Chairman that the school breakfast program applies largely to the poorest students, who would go without a breakfast if it were not for the program.

Ms. Wynn testified that the Department of Agriculture had informed the schools and the States that bonus commodities to schools would be capped at 1987 levels, and that the amounts available for distribution in 1989 were uncertain. She said that the value of the bonus commodities they now receive in the school lunch program is approximately 10 cents per meal, so in reality, they are facing what will be a 10-cent reduction in support of the program. She explained that these extra commodities have helped them to overcome some of the drastic cuts experienced since 1981, and that it has been an important part of the School Lunch Program. She also stated that the ASFSA would support the prioritization of domestic programs over foreign donations or sales.

March 28, 1988

The Subcommittee on Nutrition and Investigations held hearings at Luther Place Church on Thomas Circle in Washington, D.C., on domestic hunger and related nutrition issues. The Chairman of the Subcommittee, Senator Harkin, presided, and Chairman Leahy was in attendance. Witnesses included: Father J. Bryan Hehir, Senior Policy Advisor for Social Concerns, U.S. Catholic Conference; Mr. H. Paul Vali, Executive Director, Bread for the City, Washington, D.C.; Mr. Richard Stack, Executive Director, Capital Area Community Food Bank, Washington, D.C.; Ms. Ellen Bozman, Member, Arlington County Board, and Chairman of the Council of Governments of the Metropolitan Area; and Ms. Linda Thompson, Staff Assistant, Committee on Food, Nutrition and Health, Office of the Mayor, Washington, D.C.

Discussion.—Senator Harkin stated the hearing had two purposes; first, to learn more about the adequacy of Federal resources being committed to domestic food assistance programs, and second, to determine the efficiency of the programs in targeting the benefits to recipients. Senator Harkin stated that he had received a General Accounting Office report on savings that could be achieved in different programs by changing the ways they operate. He said he was interested to learn if there might be other ways to operate these programs to feed more people. He noted that there is a continuing disparity between the rich and the poor—causing 15 million Americans each month to turn to TEFAP.

The first witness before the Subcommittee was Father J. Bryan Hehir of the U.S. Catholic Conference. Father Hehir described local and national networks of food banks, soup kitchens and outreach programs that reported widespread hunger—emphasizing the most vulnerable groups as children, women, and minorities.

Father Hehir said that the number of persons served in their soup kitchens and emergency food programs has tripled in the past seven years. Seventy percent of those served, he added, are families. He testified that more and more people are running out of food earlier each month.

Father Hehir said that hunger is a clearly a moral issue. Failing to feed the hungry, he said, threatens the very structure of justice in our society and is a direct attack on a fundamental human right.

His testimony emphasized two policy problems with the Food Stamp Program that he believed Congress should address in legislation. First, food stamp benefits are too low, with the result that

most poor people do not have enough food to get through the month. Second, many poor working people, and their families, are being denied access to the food stamp program because of inadequate allowances for rent, utilities, and child care. He stated that high shelter costs use up 50 percent of a families income, and another 25 percent is used for child care so that parents can work. This leaves no money for food.

Father Hehir, therefore, recommended that an increase in basic food stamp benefits for all families, and that a full deduction for shelter and child care costs be allowed when determining eligibility for food stamp benefits. In closing, Father Hehir stated that he strongly supports an increase in funding for the Special Supplemental Program for Women, Infants and Children (WIC).

Mr. H. Paul Vali, Executive Director of Bread for the City, runs the largest emergency food assistance program in the District of Columbia. Mr. Vali stated that, from his experience with the poor who come to the food pantries in his operation, the Food Stamp Program is clearly not adequate to prevent the poor from going hungry—food stamps run out before the month is up, and many people are being improperly denied benefits or determined ineligible entirely.

Mr. Vali stated that only 30 to 40 percent of the persons being served by their food pantries are receiving food stamps, but almost 90 percent of them qualify for food stamp benefits. Mr. Vali cited a recent GAO study indicating a food stamp error rate for improper denial of benefits to be as high as 20 percent in some areas. Often, he testified, government agencies call his food pantry to ask for help in providing food to persons eligible for food stamp benefits but awaiting certification and issuance of coupons.

Mr. Vali's recommendations were directed at improvements in the Food Stamp Program, including adequate allowances for child care deductions, medical and shelter costs—which will help to provide some help to working families trying to make ends meet.

Mr. Vali also expressed concern about the possible elimination of TEFAP commodities for distribution in the food programs. He said that replacing the value of the commodities provided to the emergency food program by TEFAP would triple their food costs. He stated that he wanted to respond to the issue of displacement by saying that in his experience the people receiving TEFAP foods in his program were simply too poor to afford the purchase of these foods.

Mr. Vali emphasized the network of assistance that TEFAP has established. He pointed out that the services provided at distribution sites included counseling, referral, and food stamp outreach. Without TEFAP, this core of assistance would be lost. He recommended that TEFAP be continued, at least, until the uncertainty about commodity availability was cleared up.

Mr. Richard Stack, as the director of the Capitol Area Food Bank, supplies commodities, donated by the food industry, to the local social service community, including soup kitchens, day care centers, half-way houses, homeless shelters, and emergency food box providers. He stated that 20 percent of U.S. food production goes to waste every year, and his organization solicits donations of wholesome yet unmarketable goods.

Mr. Stack cited a report by the U.S. Conference of Mayors that the demand for emergency food assistance increased last year by an average of 18 percent in the 26 cities that were surveyed. The survey cited employment-related problems, inadequate or problematic public assistance, and poverty as the leading causes of hunger in these cities.

Mr. Stack's food bank receives no TEFAP commodities because, he testified, he encountered barriers due to Federal regulations that restrict the transport of commodities between States. He said that for urban districts sharing borders like Virginia, Maryland and the District of Columbia, shipping commodities from another city within the State is too costly for the food bank operation.

Another change in Federal regulations relating to commodities donated by the USDA has created further burdens and unnecessary paperwork. He testified that the Department now requires food banks to trace food from the state agent to the food bank to the member agency and then down to the individual family. Mr. Stack viewed this requirement as an unnecessary form of harassment and an embarrassment for volunteers, and emphasized that food banks lack the staff and the resources necessary to monitor and record all of these transactions.

He asked the Subcommittee's assistance in advocating the Federally donated food across state lines to allow equal access to those living in the shadow of urban districts. Additionally, he urged a streamlining of paperwork to facilitate a smoother distribution of USDA commodities.

Ms. Ellen Bozman, a member of the Arlington County Board and Chairman of the Council of Governments of the Metropolitan Area, offered several recommendations to improve federal food programs. She favored efforts to increase participation and to decrease administrative costs in the Food Stamp Program.

Specifically, she stated that the shelter deduction allowed for food stamp purposes is too low. She said that the Department of Housing and Urban Development allows for a fair market rent of \$449 for an efficiency apartment, and up to \$641 per month for a two-bedroom apartment. The current shelter deduction for food stamps is \$164 per month. She recommends that this deduction be raised to HUD standards.

Second, Ms. Bozman testified in support of the cash-out demonstration projects for the elderly and disabled. She stated that these projects help to relieve unnecessary burdens for elderly and disabled persons by eliminating extra trips to banks or food stamp offices to get food stamp coupons. Therefore, Ms. Bozman recommended that this principle be extended to all elderly and disabled persons.

Third, she stated that monthly reporting is expensive for agencies to administer. She stated that it results more often in denying benefits to eligible persons who have incorrectly filed monthly reports, who have forgotten to do so, or who find them too discouraging to complete every month. She recommended only reporting income changes over \$10 a month. She also urged that households' eligibility be reexamined every six months as a cheaper and more efficient alternative to monthly reporting.

Ms. Bozman's final recommendation was to disregard the first \$50 a month that a household receives in child support for food stamp purposes. She stated that current rules penalize recipients who receive child support payments by counting it against income.

Ms. Bozman emphasized that there are too many barriers facing eligible persons. She urged that the Food Stamp Program be thoroughly analyzed to reduce these barriers.

Ms. Linda Thompson of the Committee of Food, Nutrition and Health in the Office of the Mayor in Washington, D.C., was the final witness. She described a survey conducted in the District of Columbia on how many households lacked food during the month, who these people are, and why they are hungry. She provided a breakdown of households going without food for during the month, stating that 38 percent of the households in the city went without food for one or two days, and 36 percent were without food for seven days or more. In these households, 36 percent of the children had to skip meals, and 48 percent of the adults skipped meals so their children could eat.

Ms. Thompson stated that the statistics indicate that children are at the greatest risk of being poor and hungry in the city. She said households go without food, according to the survey, overwhelmingly because of unemployment, a drop in income, ineligibility for government assistance, and inadequate food stamp benefits. She said they stay hungry because they do not have access to affordable food sources—often relying on small grocery stores in their neighborhood.

Other factors, she stated, that contribute to the growing number of households unable to lift themselves out of poverty, include an inadequate minimum wage that does not keep pace with inflation, federal and local income taxes, and medical costs not covered by insurance because low-paying jobs provide no benefits. She emphasized that housing costs have risen dramatically, and that a higher percentage of income goes to shelter costs. The food stamp program, however, does not allow sufficient amounts to obtain a nutritionally adequate diet.

Ms. Thompson stated that a simplification of the certification process for assistance programs is vital not only in fighting hunger directly but also in reducing the burden on small grass roots organizations to account for recipients of benefits not currently receiving federal assistance in any other program.

May 10, 1988

A joint hearing was held by the Subcommittee on Agricultural Production and Stabilization of Prices, and the Subcommittee on Nutrition and Investigations, on "Commodity Availability for Food Distribution Programs." Witnesses included: Mr. John Bode, Assistant Secretary for Food and Consumer Services, U.S. Department of Agriculture; accompanied by Mr. Robert Sindt, Agricultural Stabilization and Conservation Service, and Ms. Mary Chambliss, Foreign Agricultural Service; and a panel consisting of Mr. James Nolan, Chief, Intergovernmental Human Services Bureau, Montana Department of Social and Rehabilitation Services, Helena, Montana; and Mr. William A. Armstrong, Director, Commodity

Distribution Bureau, Department of Human Services, Des Moines, Iowa.

Discussion.—Senator Melcher, Chairman of the Subcommittee on Agricultural Production and Stabilization of Prices, opened the joint hearing by emphasizing the importance of commodity distribution programs—including the Temporary Emergency Food Assistance Program (TEFAP), the School Lunch Program, the Elderly Feeding Program and the Charitable Institutions Program.

He pointed out that we are faced with a changing situation in surplus commodities, and that TEFAP ought to be reauthorized and modified to make commodities more available to feed the hungry. Senator Melcher said he believed it was important that TEFAP be prioritized over export sales and donations of dairy commodities in order to make more dairy items available to TEFAP from CCC stocks.

Senator Harkin, Chairman of the Subcommittee on Nutrition and Investigations, stated in his opening remarks that he found it alarming that many eligible people simply do not get food stamps. Forty percent of those living in poverty in the United States do not receive benefits. The benefits that are received, he stated, are inadequate, and recipients quite often run out of food before the month is up.

The inadequacy of food stamp levels, Senator Harkin explained, was the cause of the long lines at TEFAP distribution sites. Senator Harkin said that he and Chairman Leahy were very concerned about a statement made by the Secretary of Agriculture before the full Agriculture Committee that "poverty-caused hunger in the United States is virtually nonexistent."

Senator Harkin pointed out that the people waiting in long lines in subzero weather for the chance to receive TEFAP commodities was not a sign of adequate nutrition in the United States.

Senator Boschwitz added that he, too, was very interested to hear about the current shortages in TEFAP commodities, as well as how a purchase may affect the market, and how we can help the needy.

Senator Bond noted that a private agency-public food stamp coordination project in Missouri was very successful in reaching out to hunger needs in rural and urban areas, and that he supported a longterm solution to hunger through the expansion of programs like food stamps and WIC.

At this point, Senator Melcher introduced the first witnesses, Mr. John Bode, Assistant Secretary of Food and Consumer Services, from the United States Department of Agriculture. Mr. Bode explained to the Committee that price support legislation and the aggressive distribution of surpluses in TEFAP and other commodity programs had depleted CCC stocks of commodities. He pointed out reduced stocks of cheese, nonfat dry milk, rice and honey are insufficient for TEFAP distribution, but at this time they still anticipated being able to continue distribution of butter, cornmeal and flour through TEFAP.

Mr. Bode said that he supported the general administration policy of narrowly targeting assistance to those in greatest need, and for improving project efficiency.

Senator Boschwitz asked Secretary Bode about the USDA announced 40 million dollar reduction regarding cheese distribution

to the School Lunch Program. He also pointed out that his child care bill contained a 3-cent increase in meal reimbursement for the School Breakfast Program.

Secretary Bode pointed out that he was confident that the Department could continue to make cheese available at levels equal to 80 percent of the bonus amounts the schools received in 1987.

Several Members raised concerns about the fact that USDA was buying too much butter and not enough cheese. The Department was asked to encourage the production of cheese and nonfat dry milk over butter, in order to balance CCC inventories and provide more cheese and nonfat dry milk to TEFAP or other commodity distribution programs.

Mr. Sendt, representing the Department, stated that it has been the policy of the Department to avoid a "tilt" of one product over another in price support commodity purchases, and that they have a concern about what impact it might have on the commercial market and the governments role in price support programs. The members of the Committee questioned how a policy which simply placed a price advantage on cheese and dry milk over butter could be harmful to the dairy farmer when all of the products involved are dairy items.

Senator Conrad asked Secretary Bode for a breakdown of persons utilizing TEFAP. The Secretary stated that about 5 million households, or 15 million people, use TEFAP, and that three-quarters of these households have incomes below the poverty level. He went on to specify that 91 percent have incomes below 130 percent of the poverty level, and one-half are in one to two-person households.

Senator Melcher concluded that 40 percent of the TEFAP households have children, and, it was his understanding, that another 40 percent of the households are headed by elderly members.

Senator Melcher then called upon the next panel, which included Mr. James Nolan, Chief of the Intergovernmental Human Services Bureau, Department of Social and Rehabilitation Services, in Montana; and Mr. William Armstrong, Director of Commodity Distribution Programs for the State of Iowa.

Mr. Nolan spoke first about the Montana TEFAP operation, and offered some recommendations for changes and improvements. He said that Federal TEFAP funding in Montana fell far short of the funds needed by people at the local level. More and more people, he explained, are unable to get help from TEFAP and are forced to turn to soup kitchens.

Mr. Nolan said that local distributing centers in Montana praised TEFAP highly, and said that many mothers and children had improved their nutritional health. He recommended that the program be extended, and that high-protein commodities, like canned meat, cheese and fish, be provided for distribution in the program.

Next Mr. William Armstrong, Director of the Iowa TEFAP operation, also recommended continuation and improvement for TEFAP. He pointed out that in the January, 1988, edition of "Nutrition Week", it was stated that poor nutrition is a leading reason why the U.S. infant mortality rate is twice that of other developed nations. He also recommended that TEFAP be made a permanent program, and that Congress establish minimum annual allocations

of basic commodities for the program—and that the allocations have priority over foreign distributions and sales. He urged that USDA be provided money to purchase high-protein, home-usable foods to meet a minimum level of distribution, regardless of market conditions.

Senator Harkin asked Mr. Nolan to expand on the point he had made about Federal funds not being sufficient for the handling, transporting, and storing of commodities. Mr. Nolan said that State trucks must take goods from the warehouses to the primary sites in each area, which in Montana are quite far apart, and this is very expensive. He stated that the allocation formula for administrative funding should take these conditions into consideration, rather than being based entirely on the number of persons in poverty.

To conclude, Mr. Armstrong stressed, in answer to a questions by Senator Melcher on the importance of TEFAP compared to other programs, that is represented in an essential gap-filler for hungry people, and that he did not view it as competing with any other programs—rather, it supplemented them.

SUBCOMMITTEE MARKUP

June 9, 1988

The Subcommittee on Nutrition and Investigations, chaired by Senator Harkin, met to consider the Hunger Prevention Act of 1988.

Discussion.—In his opening remarks, Senator Harkin pointed out that much information has been received, and many hearings and meetings have been held to address the concerns of all members of the full Committee on the growing crisis of hunger in America. The Congressional Research Service has reported that the U.S. poverty population has increased from 29.3 million in 1980 to 32.4 million in 1986. At the same time, average monthly food stamp participation has fallen from 19.8 million in 1980 to 19.4 million in 1986. These findings verify that poverty has increased considerably in the United States, and yet the food stamp program is reaching fewer of those in need. Senator Harkin pointed out that the Hunger Prevention Act before the Subcommittee combined the efforts of the Subcommittee and full Committee to forge a bipartisan consensus to address this problem.

At this point, Senator Harkin called upon Edward Barron, Deputy Chief Counsel of the Senate Agriculture Committee, to provide a brief section-by-section analysis of the bill. Following this analysis, Senator Harkin called upon Mr. Alan Cohen, Assistant Staff Director of the Senate Budget Committee, to summarize the bill as it applied to the conference agreement on the budget resolution, which included funds for nutrition assistance in appropriated entitlement programs. Mr. Cohen stated that the total available to the Senate Agriculture Committee for this bill as new entitlement money is \$350 million in FY 1989, \$575 million in FY 1990; and \$594 million in FY 1991.

Senator Melcher was recognized and initiated a discussion about the importance of timely reauthorization of the Temporary Emergency Food Assistance Program (TEFAP), which is included in the

bill. Senator Melcher expressed concern that if dilatory amendments were to be offered that he would like to move to separate the provisions in the package that relate to TEFAP so that this issue can be addressed immediately to remove the uncertainty facing food banks and commodity distribution programs dependent upon TEFAP commodities. Senator Harkin explained that it was the intention of the Subcommittee to move the bill as rapidly as possible, and that Chairman Leahy had assured him that the bill would be considered in full Committee the following week. Senator Harkin said that much work had gone into this bill, there was bipartisan consensus and he could not see moving a TEFAP bill any faster than this one. Senator Melcher agreed not to separate the TEFAP provisions at that time.

Senator Harkin noted that John Bode, Assistant Secretary for Food and Consumer Services, U.S. Department of Agriculture, was at the markup, and asked Secretary Bode to comment on the bill before full Committee markup the following week.

At this point, Chairman Leahy, Senator Boschwitz and Senator Pryor arrived and quorum was met.

Senator Boschwitz stated that he and his staff had been very active in fashioning the Hunger Prevention Act of 1988, and was satisfied with the results. Senator Boschwitz stated his support for TEFAP, basic benefit increases for food stamps, increasing the asset limit for automobiles, the child care deduction increase and the increased reimbursement for school breakfasts. He stated that he did intend to offer an amendment in full Committee to extend the meal reimbursement provision to day care homes, rather than the current provisions in the bill limiting this additional reimbursement to day care centers participating in the Child Care Food Program.

Chairman Leahy said that he was very pleased that the Subcommittee was able to present a bipartisan package on nutrition, and he recalled how the Committee began its bipartisan tradition with Senator Dole and Senator McGovern on the Nutrition Subcommittee. Chairman Leahy emphasized the balance achieved by the package, and how it meets the needs of our most vulnerable citizens by targeting benefits in the TEFAP, food stamp, and child nutrition programs. He assured the Subcommittee that the bill would be considered in full Committee on Tuesday or Wednesday following the Subcommittee approval of the bill.

At this point, Senator Melcher moved to recommend the bill to the full Committee for immediate action. It was seconded by Senator Pryor and was approved unanimously from the Subcommittee on Nutrition and Investigations.

FULL COMMITTEE MARKUP

June 14, 1988

The Committee on Agriculture, Nutrition and Forestry met to consider various nutrition assistance bills referred to the Committee. In attendance were Senators Leahy, Melcher, Pryor, Boren, Heflin, Harkin, Conrad, Fowler, Daschle, Lugar, Dole, Helms, Cochran, Boschwitz, McConnell, Bond and Karnes.

Discussion. In his opening statement, Chairman Leahy pointed out that the Committee consideration of hunger legislation was extremely important. He stated that hunger is not a political issue, or even an economic issue, rather it is a moral issue. One out of every four children lives in poverty, and he emphasized that, clearly, there is poverty based hunger facing these children.

The Chairman explained that the budget conference had allocated additional funding for nutrition assistance purposes—\$350 million next year, and over a billion dollars in the outyears. He stated that the Subcommittee recommendation now before the Full Committee represented months of hard work, and was a balanced, bipartisan effort.

Chairman Leahy recognized that nutrition has had a bipartisan heritage in the Agriculture Committee dating back to the days when Senator Bob Dole and Senator George McGovern joined forces on the Nutrition Subcommittee.

The draft Hunger Prevention Act of 1988, the Chairman stated, represented the best aspects of legislation introduced by several Committee members, and sponsored by most Committee members. Also the Hunger Prevention Act of 1988 incorporated provisions from bills introduced by non-Committee members such as Senators Kennedy, Kerry and Heinz.

The draft bill before the Committee not only was bipartisan—it was balanced and targeted on the most in need.

The Chairman then recognized the Ranking Republican Member of the Full Committee, Senator Richard Lugar, who expressed his support for the legislation. Senator Lugar emphasized that in providing the Committee with additional funding this year, the Budget Committee had recognized the effect of declining surplus commodity inventories on the Temporary Emergency Food Assistance Program (TEFAP).

Senator Lugar pointed out the bill targeted its benefits to those most in need—especially those provisions supporting soup kitchen operations which benefit homeless persons.

Chairman Leahy recognized Senator Helms, and Senator Helms remarked that it was important for the Committee to look back to 1985 when the Committee labored long and hard on the Farm Bill. He stated that he believed that there are many who mistakenly interpret the success of the Farm Bill, and the reductions in surpluses, as a reduction in commitment to the needy.

Senator Helms stated that he did not intent to slow the markup, but he wanted to point out that the Government is providing assistance to needy persons, and that he believes that they know what is available to them, and how to access these programs.

The Chairman then recognized Mr. Rick Brandon, Staff Director of the Senate Budget Committee, to explain the allocation of funds regarding the bill.

Mr. Brandon explained that the Conference Committee on the Budget Resolution provided new entitlement authority to the Agriculture Committee of \$350 million in FY 1989, \$575 million for FY 1990, and \$594 million for FY 1991. He stated that it was his understanding that the Congressional Budget Office estimates of the cost of the Committee bill would be within the amounts allocated to the Committee on Agriculture, Nutrition and Forestry under

section 302(a) of the Budget Act. Therefore, these would be no Budget Act points of order or problems with the legislation.

The Chairman recognized Senator Melcher for opening remarks.

Senator Melcher pointed out to the Committee that the TEFAP reauthorization and modifications provided for in his original bill, S. 2415, were not significant budget items. He asked the Committee that, if this broader bill were bogged down, that the Committee act on a separate reauthorization of TEFAP, S. 2415, be passed so that the necessary changes in TEFAP could be expedited.

The Chairman stated that it was his intention now to go forward and finish the Committee bill and vote that out, including the TEFAP provisions, and also to vote out a second bill containing only the TEFAP provisions described by Senator Melcher. He stated that both bills will then be available to go to the floor as soon as the report is written, which will be a matter of days.

The Chairman asked that consideration of the bill begin, and requested that Mr. Ed Barron, Deputy Chief Counsel for the Agriculture Committee, give a brief summary of the sections of the bill.

Mr. Barron described Title I.

No amendments were offered for Title I. Senator Boschwitz asked for clarification of the provision relating to the purchase of commodities for TEFAP for the next two fiscal years, in that if these were a surplus comparable to previous years, would the purchase still be required.

Mr. Barron explained that the purchase for the next two years was mandatory.

Chairman Leahy stated that this purchase was not for any particular commodity, and that for the next two years purchases of commodities would be needed to keep TEFAP going. He also emphasized the importance of providing commodities for food banks and soup kitchens.

The Committee would carefully monitor how the Department purchased the commodities, the Chairman stated.

Senator Bond noted that while TEFAP had worked well, he questioned whether the total \$145 million should be used for TEFAP, or whether the money could be better spent on other nutrition programs. He expressed concern that the Food Stamp Program should provide an income exclusion for foster care payments.

The Chairman shared the concerns of Senator Bond, but recognized that many improvements to food assistance programs had to be set aside to fit within the budget constraints, and that the Committee would focus on these issues next year.

Senator Daschle stated that originally he had intended to offer two amendments dealing with Indian reservations, but was instead asking for report language. The first provision dealt with the distribution of food on Indian reservations. Senator Daschle clarified that there should be a relationship in the value of the commodity package distributed on Indian reservations, and the value of benefits in the food stamp program.

His second recommendation related to the serious dietary problems of Indians on reservations, particularly diabetes (four times the national average). He wanted the Department to consider these issues when it developed the food packages of distribution on reservations.

There was no objection to Senator Daschle's recommendations for report language, and Mr. Barron confirmed that current USDA regulations would allow the Department to deal with these issues.

Senator Conrad strongly supported Title II since the section made significant improvements in the delivery of nutrition assistance in rural areas.

Senator Pryor was recognized by the Chairman, and he asked for clarification of the role of the State and the Federal government in the design of food stamp application forms.

Mr. Barron explained that under the bill the Department would design a uniform simplified application form, and that changes from that form by the state would have to be approved by USDA. He further explained that the State could request assistance from USDA in designing forms for joint use for food stamps and AFDC.

Senator Pryor expressed his support for this provision, stating that he had seen some of the application forms for food stamps and found them unnecessarily complex.

Senator Boschwitz was recognized and asked for clarification of the employment and training provision changes that had been made. He stated that he understood there were concerns expressed by the Administration.

Mr. Barron explained that the provisions before the Committee were modeled after language in S. 1511 and in H.R. 1720, on welfare reform, but redesigned to fit within the food stamp framework. Essentially, the Hunger Prevention Act provisions focus job training resources on those most likely to benefit from the training—while discouraging job training for those who are more “job ready.” Secondly, it was pointed out that the bill provided for a reimbursement for expenses of day care and transportation costs so these job trainees could participate in the program. The State would pay 50 percent of the reimbursement, and the Federal Government would pay the other 50 percent.

Senator Lugar stated that, in his understanding, the deduction for dependent care was more equitable than current law.

Chairman Leahy opened discussion on Title V, and stated that he viewed the farmers' market provisions as bringing more nutritious foods to low-income people. He stated that his own State of Vermont had a farmers' market program that worked very well, and he was very supportive of this provision.

Senator Melcher stated that he would like to offer several amendments to the food bank demonstration project provisions. The amendments were designed to allow for additional demonstration projects and to make certain that charitable institutions could take part in this distribution system.

The amendments were accepted, and the Chairman called for further suggestions or amendments, and Senator Daschle was recognized.

Senator Daschle offered an amendment which would allow Indian tribes to set up their own employment and training programs. The amendment was accepted.

Senator Boschwitz supported his amendment establishing a demonstration project for day care homes. Senator Boschwitz briefly explained that this demonstration project would take place in Minnesota, which has the second-largest number of day care homes in

the United States, and would offer an additional reimbursement for a meal or snack in day care homes, serving as an incentive to have these programs seek licensing under the Child Care Feeding Program. The demonstration project will also provide the additional reimbursement for child care centers.

The Chairman asked if any further amendments were pending, and hearing none, he asked that Mr. Barron explain changes in the bill agreed to by staff which are different from the Subcommittee version of the bill.

Mr. Barron stated that the bill before the Members contained amendments offered by Senator Harkin and Senator Pryor to allow private universities involved in the National Youth Sports Program to participate in the summer food service program. Also the amendments were to include private nonprofit organizations in the summer food program as long as they did not serve meals at more than five sites.

Senator Pryor stated his support for his amendment, and explained that he felt that these summer sport programs were valuable to children by helping to provide counseling, summer activities, and often a mean where there would not be one for children in the summer months.

Mr. Barron continued his explanation that Senator Cochran had provided language encouraging the Department of Agriculture to buy locally to the extent practicable with respect to TEFAP commodities.

At this point, the Chairman called for a vote on the bill as amended, and it was passed by voice vote. Senator Lugar stated that Senator Helms had asked that his vote be registered in opposition to the bill. The Chairman announced that except for Senator Helms, all members of the Committee had indicated their support for reporting the Hunger Prevention Act of 1988.

Senator Melcher was recognized and called for a vote on the passage of S. 2415, to reauthorize TEFAP and provide for certain modifications relating to the prioritization of dairy products, and this bill was also passed by a voice vote. There were no objections to the bill.

The Chairman complimented all Senators and staff for the hard work, and also thanked the Department of Agriculture for their cooperation in this effect.

Several members of the Committee asked that their statements be printed in the report at this point.

The full Committee business meeting was then adjourned.

STATEMENT OF SENATOR BOB DOLE, HUNGER PREVENTION ACT OF 1988

First, I wish to thank the chairman of the Agriculture Committee, Senator Leahy, and the ranking minority member, Senator Lugar, for making this bipartisan legislation possible. The Hunger Prevention Act of 1988 represents months of staff work and negotiations on many of the administrative improvements and other provisions which are designed to provide relief to the rural poor and farmers.

Also, the bill attempts to target the additional resources provided in the FY 1989 budget resolution in a way that will benefit those who are most in need. As we are well aware from recent studies, those groups which continue to experience the most serious poverty problems are the rural poor, single women with children, and the homeless. I wish the committee had not been constrained by the budget language and could have provided more funding for the WIC Program. However, as my colleagues are aware, funding for this very cost-effective program is an appropriations issue. Instead, the committee has recognized the needs of low-income children by providing modest increases in the reimbursements for the School Breakfast and Child Care Food programs. These provisions were adopted from a bill introduced by my distinguished colleague from Minnesota, Senator Boschwitz, which I cosponsored.

In addition, the Hunger Prevention Act would increase basic food stamp benefits across-the-board by converting the thrifty food plan to the low-cost food plan, which, in the past, had been the basis from which food stamp benefits were calculated. This will mean an average increase of \$5 in benefits for food stamp households per month. It is our hope that by taking this action, those families and individuals who now run out of food stamps before the end of the month will be able to make their food stamp allotment last longer. This should help alleviate the burden on soup kitchens and charitable organizations during the last days of the month.

Even though the Department of Agriculture expects to run out of surplus commodities purchased through the Commodity Credit Corporation, the committee has realized the value of the Temporary Emergency Assistance Program and has provided funds to purchase high-protein commodities to keep the program going. Churches, food banks, soup kitchens and other charitable organizations will continue to receive a variety of commodities. TEFAP, as it has come to be called, was begun by Senator Hatfield and myself during the recession of 1983 in response to the huge surplus of agricultural commodities and the needs of those who sought food assistance. It has done a great job in providing food to those who somehow fall between the cracks of the regular nutrition program structure.

Although there are more than 10 Federal nutrition programs, it is only by working together with States and local governments and the private sector that we can hope to address the needs of low-income and unemployed individuals and families who require food assistance. All of these public and private entities need to contribute their resources to this important effort. Again, I commend the strong bipartisan spirit which motivated the Hunger Prevention Act of 1988. This committee has a longstanding tradition of working together on nutrition program issues, and I am pleased to see this approach continue.

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY, JUNE 13,
1988

Mr. HELMS. Mr. Chairman, in recent months there have been growing outcries in this country that the Federal Government is not doing enough to help our needy citizens. The success of the

1985 farm bill has significantly reduced the surplus commodities which at one-time crowded our Government warehouses, and as a result the Department of Agriculture has not had the vast amounts of commodities to give away under the Temporary Emergency Feeding Assistance Program (TEFAP). In addition, other feeding programs are not receiving bonus commodities because of our lowered commodity stockpiles.

However, there are many who interpret the success of the farm bill and the reductions in surpluses as a reduction of Federal commitment to our needy citizens. We know that this simply is not true. The Federal Government is currently spending a record of \$20 billion to operate food assistance programs in this country. Programs that include all foods not just surplus commodities.

Americans have a genuine concern for the poor and are continually making efforts to help those less fortunate than themselves. But we are constantly seeing hunger reports that use hit-and-run tactics—making outlandish claims about hunger in America that are shown to be without foundation—in an effort to play on the emotions of the American people.

There are currently 13 different programs designed to assist our needy citizens, including food stamps, meals for children in school, meals for the elderly, and supplemental foods for pregnant women and their infants and young people. The Government is presently providing more food assistance than ever before to more people than even before—and we are doing it more efficiently.

We have seen repeated efforts in Congress to increase the number of Americans participating in Government feeding programs. However, I would remind everyone that the Department of Agriculture estimates that roughly 1 out of 7 Americans participate in the Food Stamp Program at least 1 month during the year. That is just the Food Stamp Program.

I strongly believe that Americans know about Government nutrition assistance programs. They know what is available to them and they know how to access the programs. In the case of food stamp, not only are the poor aware of its existence, but are also keenly aware of the details of eligibility loopholes and special rulings. This has been repeatedly mentioned by witnesses before this committee.

Mr. Chairman, I certainly support efforts to help the needy in this great Nation, but I feel our objectives should center in streamlining our assistance programs, halting the erosion of family responsibilities, and ending long-term dependency. These solutions will not merely throw more money at the problem, but will help us get assistance to the truly needy—and get the most out of the money we are spending.

STATEMENT OF SENATOR MITCH McCONNELL, AGRICULTURE
COMMITTEE BUSINESS MEETING, JUNE 14, 1988

Mr. Chairman, I would like to begin by commending the distinguished Chairman for his efforts in expanding nutritional assistance to low-income families. I appreciate his work in securing the additional entitlement funds that will be used to enhance our current nutrition programs. The testimony we heard in hearings earlier this year reflects the importance of these domestic nutrition pro-

grams to the lives for so many needy Americans, and I appreciate the Chairman making this a priority issue during this session of Congress.

In reviewing this bill, it appears to be a good compromise, balancing expanded Temporary Emergency Food Assistance Program, Food Stamp Program, and Child Nutrition Program benefits along with administrative changes while continuing to realize the overwhelming budget considerations that must be taken into account. As I have stated before, I feel our programs must be effective in reaching a maximum number of low-income families with nutritional assistance, and I feel this bill is a step in that direction.

I am particularly pleased that the Temporary Emergency Food Assistance Program (TEFAP) will be reauthorized through 1990; this program supplements the diets of many Kentuckians. While it remains a temporary program, I believe TEFAP has played an important role in assisting eligible families become involved in permanent nutrition programs.

I look forward to our further discussion of these issues and to hearing any amendments offered to improve this legislation as we continue our work together to provide efficient nutritional assistance that is effective in reaching a maximum number of needy Americans.

I thank the Chair.

STATEMENT FOR THE RECORD, SENATOR KENT CONRAD, HUNGER
PREVENTION ACT OF 1988 MARK-UP, JUNE 14, 1988

Mr. Chairman, I commend my distinguished colleagues on the Senate Agriculture Committee for their support of this bill, the "Hunger Prevention Act of 1988".

I am an original cosponsor of this legislation for many reasons. I strongly support its purpose of improving the nutritional health of needy Americans. The Act's provisions expanding the services of the food stamp and WIC programs and targeting child nutrition services will enable more people who suffer from hunger to receive needed benefits. The TEFAP reauthorization will ensure that over 95,000 North Dakotans continue to receive needed surplus commodities like cheese, flour and nonfat dry milk. In addition, I am pleased that the purchase of additional high-protein foods, such as canned meats and peanut butter, will be authorized under this Act. With the severe shortage of cheese that North Dakota and other states faced this year, this allocation will provide TEFAP recipients with an abundant variety of high-protein products.

I also believe that the section of this legislation dealing with the reduction of rural barriers in the food stamp program will have an extremely positive impact on North Dakotans living in rural communities and on farms.

Allowing greater flexibility in the interview and distribution processes will reduce the difficulties that these people face in traveling long distances. Under this legislation, residents of rural areas will be able to apply for food stamps in designated "outstation" towns instead of at the local certification office. Some interviews may be conducted at the applicant's home or over the telephone. Rather than requiring the rural recipient to travel to the food

stamp office to pick up his or vouchers, this legislation will allow them to be distributed through the mail. Overall, these provisions mean a significant improvement of the food stamp program for rural areas and greater accessibility for rural participants.

Thank you, Mr. Chairman.

OPENING STATEMENT OF SENATOR BOND, JUNE 14, 1988

Mr. Chairman, the Hunger Prevention Act of 1988 that we have before us today is one that has required an extreme amount of work on behalf of the Subcommittee on Nutrition and Forestry. This legislation reflects our response to the American hunger crisis in a time of budget constraints. I commend all those whose hard work is reflected in this bill today.

In earlier hearings on hunger, I have stated my concern as well as Missouri's concern, about America's hunger problems and what we think is the most effective solution. That is, for the Federal Government to initiate a longterm solution through the expansion of the federally administered programs like food stamps, the WIC program, the school breakfast and lunch programs for children, congregate feeding programs for elderly/homeless and other Government-sponsored commodity programs for our special needs populations like the American Indian. I believe this is a much more effective response than using temporary programs like Temporary Emergency Food Assistance Program (TEFAP). TEFAP has served its purpose in identifying the gaps in our nutrition programs, and I believe some TEFAP dollars can most effectively be reallocated to fill in the gaps of these federally administered programs—specifically to assist foster care and to promote adoption instead of using the dollars solely to buy commodities. However, I certainly understand the pressures and compromises that were made in putting together this package.

Again, I commend this subcommittee on legislation.

[NOTE.—This section-by-section description is divided into two parts. The first part contains the food stamp provisions. The second part contains all the non-food stamp provisions. Thus, there are some gaps in numbering in one part because a provision is described in the other part.]

PART I—FOOD STAMP PROVISIONS OF THE HUNGER PREVENTION ACT OF 1988

SECTION-BY-SECTION DESCRIPTION

TITLE I—EMERGENCY HUNGER PREVENTION

Subtitle C—Basic Food Stamp Benefit Levels

Section 120. Low cost food plan

Under current law, basic (maximum) food stamp benefit levels are equal to the monthly cost of the Department of Agriculture's "Thrifty Food Plan," varied by household size, adjusted annually each October for food-price changes, and rounded down to the nearest whole dollar. Special adjustments also are made for Alaska, Hawaii, Guam, and the Virgin Islands.

This section would increase basic food stamp benefit levels, in three steps, to the point where they equal 80 percent of the Department of Agriculture's "Low Cost Food Plan." At present, basic food stamp benefit levels are approximately 78 percent of the Low Cost Food Plan.

For the period January 1, 1989, through September 30, 1989, basic benefits would be set at 79 percent of the cost of the Department's Low Cost Food Plan. For fiscal year 1990 (October 1989 through September 1990), basic benefits would be set at 79.5 percent of the Low Cost Food Plan. And, for fiscal years after 1990, basic benefits would be set at 80 percent of the Low Cost Food Plan.

In each instance, the benefit levels established by these provisions would, as under current law, be based on the cost of the Low Cost Food Plan in the previous June. The unrounded June cost of the Low Cost Food Plan for a 4-person household (a couple and two school-age children) would be varied for different household sizes using the adjustment factors established by the Department. The appropriate percentage adjustment (i.e., 79, 79.5, or 80 percent) would then be applied to these unrounded, household size specific cost levels, with the results rounded down to the nearest whole dollar increment (as under current law).

The Committee expects that maximum benefit levels for Alaska, Hawaii, Guam, and the Virgin Islands will be adjusted appropriately, taking into account the new requirement for benefit levels derived from the Low Cost Food Plan, preserving the historical relationship between benefit levels in these areas and those for the 48 contiguous States and the District of Columbia, and maintaining the special adjustments to benefit levels within Alaska. However, the Committee also recognizes that, until adequate information is available, it may be necessary to provide interim increases for these areas, based on the adjustment to benefits for the 48 contiguous States and the District of Columbia, in order to meet the deadlines established for the adjustments.

From an historical perspective it should be noted that the bill returns food stamp allotment levels to the levels prescribed in the early 1970s under the Nixon Administration. At that time, food stamp benefits were based on what the Department called the "economy food plan," which was set at a value equal to 80 percent of the value of the Department's low cost food plan. Use of the economy food plan was not specified in the statute, however, and was challenged in 1975 through successful litigation. As a result, the economy food plan was replaced in 1975 by a new food plan known as the "thrifty food plan."

Today the thrifty food plan is equal in value to just about 78.2 percent of the value of the low cost plan, or modestly below the standard of the early 1970s. To make food stamp benefit levels more adequate, especially at a time when distributions of surplus food to the needy are being reduced, the bill returns the benefit levels to their historic level of 80 percent of the low cost plan.

The Committee notes that this is simply an effort to restore the food stamp allotment levels to the standard of the early 1970s, nothing more and nothing less. This action should not be construed as a first step toward raising benefit levels to the full value (or 100

percent) of the low cost food plan. Such a change would add approximately \$4 billion a year to the cost of the program and would be prohibitive.

TITLE II—NUTRITION IMPROVEMENTS

Subtitle A—Food Stamp Act of 1977

Section. 201. Relatives living together

Under current law, relatives living together (parents, children, and siblings) must apply together as a single household—except for elderly or disabled persons and parents with minor children. Elderly or disabled persons, parents with minor children (together with their children), and other persons living together may apply as households separate from their co-residents if they purchase food and prepare meals separately. Special provision is made for elderly persons too disabled to purchase food and prepare meals separately; they may apply separately from their co-residents if their co-residents meet certain income criteria.

This section would permit persons, except parents living with their minor children, to apply as households separate from their co-residents, if they purchase food and prepare meals separately. [Note: Special provisions for elderly persons too disabled to purchase food and prepare meals separately would be retained.]

Section 202. Categorical eligibility

Under current law, households in which all members are recipients of Aid to Families with Dependent Children (AFDC) or Supplemental Security Income (SSI) benefits are categorically (i.e., automatically) eligible for food stamps, without regard to the food stamp income and asset eligibility rules. They must, however, meet any applicable employment and training requirements, not have been found ineligible because of a fraud conviction, not live in an institution, and (in case of SSI recipients) live in a State other than California or Wisconsin. Categorical eligibility for AFDC and SSI recipients is effective through September 1989.

This section would make the current categorical eligibility rule for AFDC and SSI households permanent.

Section 203. Income standards of eligibility

Under current law, households without an elderly or disabled member must meet two income eligibility tests. They must have gross monthly income that is equal to or less than 130 percent of the Federal poverty level for their household size. They must also have net monthly income (i.e., after various income and expense "deductions") that is equal to or less than the Federal poverty level for their household size. [Note: Households having an elderly or disabled member must meet only the net income eligibility test.]

This section would remove the requirement that households without an elderly or disabled member meet the net monthly income test.

Section 204. Reporting requirements and calculation of household income

Income calculations

Under current law, monthly income must be calculated on a prospective basis (i.e., using reasonably anticipated income) for (a) migrant farmworker households and (b) households with no earnings in which all adult members are elderly or disabled. Monthly income for households not required to report monthly on their circumstances may be calculated on a prospective basis, with the Secretary's approval.

Monthly income for households with earnings or recent work history must be calculated on a retrospective basis (i.e., using reported income from a prior month), except where the Secretary has approved a waiver based on the cost effectiveness of this procedure.

This section would require prospective monthly income calculations for households not subject to monthly reporting requirements.

Retrospective monthly income calculations would be required for categories of households required by the State to report monthly on their circumstances. For monthly reporting households, benefits in the first month of participation (or first and second months, at State option) would be determined according to household income and circumstances in that first (or first and second) month(s).

Reporting requirements

Under current law, States must require households with earnings or recent work history to report periodically (i.e., monthly) on household circumstances, in accordance with the Secretary's standards. At State request, the Secretary may waive this requirement for household categories where a satisfactory showing is made that monthly reporting would result in unwarranted administrative expenditures. In doing so, the Secretary may permit other types of reporting requirements as satisfying the periodic reporting requirement (e.g., in-person interviews).

States may require other households to file periodic reports on household circumstances—except those for whom prospective income calculations are required. Households not required to report on their circumstances monthly must, when they occur, report changes in income or other circumstances that the Secretary considers necessary to assure accurate determinations.

This section would permit States to require periodic reports of household circumstances for categories of households identified by the State, except for three categories of households for which monthly reporting could not be used. These categories are: migrant or seasonal farm worker households; households in which all members are homeless; and households with no earnings in which all members are elderly or disabled. The current rule requiring reports on changed circumstances when they occur for households not reporting monthly would be retained.

Reporting forms and instructions

This section would require States to provide households that must file periodic reports with a simple form for making required reports, together with clear instructions explaining how to com-

plete the form and the household's rights and responsibilities under the reporting system.

Section 205. Value of allotment

This section changes how benefits are handled at recertification. It provides that households that were previously eligible, and that are again determined eligible within 30 days of the end of the previous certification period, will be treated as continuously eligible. Thus, whether the State makes an error, or the post offices loses the reapplication form, or the household requests recertification past its deadline, households that recently were eligible, and are now eligible, will be treated (for a 30 days period) as if they had been eligible all along.

Section 206. Benefits for households subject to prorating

Under current law, first-month benefits for newly applying households (and those failing to fulfill recertification requirements in a timely manner) are pro-rated (reduced) to reflect the date of application. Eligible households applying and receiving pro-rated benefits during the last 15 days of a month must be issued their first full month's benefits within the first 8 days of the next month.

For eligible households subject to prorating, this section would (a) delete the current provision requiring that their first full month's benefits be issued within the first 8 days of the month and (b) replace it with a requirement that households applying after the 15th day of a month (or similar accounting period) receive, in lieu of their initial pro-rated benefit and their first full-month benefit, a benefit that is the aggregate of the two. This aggregated benefit must be provided within the normal time-frames for action on applications (i.e., within 30 days, or within 5 days for especially needy households receiving expedited service).

Section 207. Optional food stamp information activities

Under current law, States may not conduct food stamp informational activities using Federal food stamp funds, except, at State option, informational activities for the homeless.

This section would permit States, at their option, to inform low-income households about food stamp availability, eligibility requirements, application procedures, and benefits—with the Federal Government sharing 50 percent of the cost of these activities. [Note: The normal Federal share of State food stamp administrative costs is 50 percent.]

The Committee wishes to emphasize an important distinction—between informational activities that are 50 percent matched and recruitment activities which are not so matched with federal funding. The Committee intends that food stamp outreach will be an educational activity to inform people about the availability of the food stamp program.

Section 208. Extension of homeless amendments

Under current law, homeless households may use their food stamps to pay for meals served to them by approved public or private nonprofit homeless feeding establishments and shelters—except that these establishments and shelters may only request vol-

untary use of food stamps and may not request that homeless households pay more than the average cost of the food contained in a meal served by the establishment or shelters. The authority for use of food stamps in homeless feeding establishments and shelters expires September 30, 1990.

This section extends current authorities to allow persons in homeless shelters to receive food stamps.

TITLE III—ADMINISTRATIVE IMPROVEMENTS AND SIMPLIFICATION

Section 301. References to the Food Stamp Act of 1977

This section stipulates that the provisions of title III of this Act are to be considered as amending or repealing provisions of the Food Stamp Act of 1977, unless otherwise provided.

Subtitle A—Reducing Unnecessary Paperwork

Section 310. Early resolution of disputes

This section would require State agencies, under regulations established by the Secretary, to attempt to "conciliate," where appropriate, the basis of an intended termination or disqualification (by telephone, mail, or otherwise) before terminating or disqualifying a person or household. State agencies would not be required to conciliate where conciliation was inappropriate.

Section 311. Simplified application forms

Under current law, applicant households must receive and be permitted to file (on the same day initial contact is made) a simplified, uniform national application form, designed by the Secretary. However, the Secretary may approve deviations from the uniform national application form because of a State's use of a dual public assistance/food stamp application form, State computer system requirements, or other exigencies.

This section would require the Secretary to take into account whether the State forms are easy to use, brief, and readable, in determining whether to approve State deviations from the simplified, uniform national application form.

This section would also require the Secretary, in consultation with the Secretary of Health and Human Services, to develop a program of assistance to States in developing brief, simply written, and readable application forms that cover food stamps, AFDC, and Medicaid.

This section would further require that application forms contain, in plain and prominent language on the front cover, (a) a place for applicants' names, addresses, and signatures, (b) instructions (in understandable terms) informing households of their right to file immediately without filling in the rest of the application, describing food stamp expedited processing procedures, and informing households that benefits are provided only from the date of application.

Section 312. Statement of required verification

This section would require that State agencies provide applicant households a clear written statement explaining what acts they

must perform to cooperate in obtaining verification and otherwise completing the application process, at the time of application.

This section would also require that State agencies assist an applicant household in obtaining appropriate verification and completing the application process.

This section would further require that State agencies not require any household to submit additional proof where the agency already has current verification, as determined in regulations issued by the Secretary, unless there is reason to believe that the information possessed by the agency is inaccurate, incomplete, or inconsistent.

This section would, moreover, require that State agencies not deny any application solely because of the failure of a person outside the household to cooperate, subject to a requirement that the agency process applications by taking appropriate steps to verify information required to be verified. This bar against denials solely due to a lack of cooperation of persons outside the household would not apply in cases where that person would be a household member but for a fraud finding, failure to meet employment and training requirements, postsecondary students status, alien status, or SSI status.

Section 313. Opportunities to make reports to food stamp offices

Under current law, the Secretary is required to establish standards for periodic review of food stamp office hours to ensure that employed individuals are adequately served.

This section would require that State plans of operation include standards that permit applicants and recipients to have reasonable access to food stamp certification employees, in person and by telephone, so that they are readily able to contact certification office employees, or have an opportunity to report changes in circumstances, that must be promptly acted on by appropriate employees.

SUBTITLE B—ASSURING ACCURATE INSURANCE OF BENEFITS

Section 320. Correcting improper denials and underissuances

Under current regulations, State plans of operation must provide for prompt restoration of wrongfully denied or terminated benefits. Under the Food Stamp Act benefits may not be restored for any period more than 1 year prior to the date the State agency is notified or otherwise discovers a household's loss. In addition, regulations require restoration of lost benefits due to State error, or a subsequently reversed disqualification, when discovered by a State agency, without a household's request.

This section would require State agencies to promptly restore any improperly denied, terminated, or underissued benefits when a household's loss is found through any quality control or other review procedure. State agencies would also be required to take steps to prevent a recurrence of the error causing the loss, where the error was caused by State agency practices, rules, or procedures inconsistent with Federal food stamp requirements.

Section 321. Special training of State personnel involved in certifying farm households

Under current law, State agencies must undertake to provide continuing, comprehensive training for all certification personnel.

This section would allow State agencies, at their option, to undertake intensive training to ensure that certificate personnel dealing with self-employed and farm households are qualified to perform certification of these households. As with normal training costs, the Federal Government would share 50 percent of these intensive training costs.

This section would also require the Secretary to publish instructional materials specifically designed to be used by State agencies to provide intensive training to personnel dealing with self-employed and farm households—not later than 180 days after enactment, and annually thereafter.

Section 322. Training of certification workers and community resources

Under current law, State agencies must undertake to provide continuing, comprehensive training for all certification personnel.

This section would require State agencies to undertake to provide continuing, comprehensive training for all certification personnel “so that eligible households are promptly and accurately certified to receive the [food stamp] allotments to which they are entitled under this [Food Stamp] Act.”

This section would also allow agencies, at their option, to provide, or contract for the provision of, training and assistance to persons working with volunteer or nonprofit organizations that offer food stamp information or screening for eligibility.

Section 323. Preventing incorrect issuances

This section would require State agencies to provide households with a statement describing the household’s reporting responsibilities at each certification and recertification of eligibility.

State agencies would also be required to (a) provide a toll-free or local telephone number (or a number where collect calls will be accepted) with which households may reach an appropriate State agency representative for a reasonable period during the business day to report changes in circumstances and obtain program information, and (b) inform households of the hours the telephone number is available.

Subtitle C—Reducing Barriers in Rural America

Section 330. Transportation difficulties in rural areas

This section would require States to designate rural areas where low-income persons face substantial transportation difficulties, under a procedure to be included in State plans of operation.

In these designated rural areas, all persons contacting food stamp certification offices during regular business hours would be informed that they may be certified for food stamps without an in-office interview if that would create a hardship; when an interview is not held in the food stamp office, the State agency would be re-

quired to interview the household by telephone, in its home, or at another location convenient to the household.

In designated rural areas, State agencies also would be required to issue food stamps by mail (or otherwise directly deliver them)—except that any household with mail losses exceeding levels established by the Secretary would not be entitled to mail issuance, and the State agency would not be allowed to issue food stamps by mail in localities where mail loss rates exceed those established by the Secretary.

Section 331. Outstanding eligibility workers

This section would require that State plans of operation provide that each town or community of more than 5,000 persons that is more than 30 miles from its certification office be regularly visited by a certification worker from its assigned office (at least twice a month, with the time and place of visits publicized)—unless the town or community is served by a State agency in a manner designed to provide reasonable access (including special services provided to designated rural areas).

Visiting certification workers would be required to accept food stamp applications, conduct interviews, accept verification, and perform other client services that can be performed conveniently outside the certification office.

Section 332. Standards for closing or relocations of food stamp offices

This section would require the Secretary to set standards for State agency review of plans for closing or relocation of State agency offices (including consultation with the public and public officials) so that (a) the potential adverse effects of these plans on access to the food stamp program are examined (with special emphasis on the needs of low-income persons in rural areas, and the elderly, disabled, and homeless) and (b) adequate plans for minimizing any adverse impact before offices are moved or relocated are prepared and implemented.

Subtitle D—Eliminating Inequities for Farmers and Others

Section 340. Continuation of food stamps to participants in cash-outs of other benefit programs

Under current law, income not directly payable to a household in cash is generally disregarded.

This section would provide an income disregard for any gain or benefit customarily paid to a household in a non-cash form (as in-kind aid or third-party vendor payments) even if those payments were converted to direct cash payments (in whole or in part) under demonstration projects carried out or authorized under Federal law. Where a converted non-cash benefit is disregarded, the recipient household under current regulations would not be allowed to claim a food stamp program expense deduction for the expense it is intended to cover.

Section 341. Annualizing self-employment income and expenses from farming

Under current law, self-employed (and certain other) households whose income is received irregularly during the year generally have their monthly income calculated for food stamp purposes by averaging it over a 12-month period.

This section would allow households with self-employment farm income, and irregular expenses to produce that income, to have their income and expenses averaged over a 12-month period in order to calculate their monthly income for food stamp purposes.

Section 342. Households in transition

Under current laws, business assets (such as farm land and equipment) are disregarded in determining whether a household meets food stamp asset eligibility requirements, while the assets are used in producing business income (e.g., while a farmer is engaged in farming).

This section would provide that the business asset disregard would include farm property (land, equipment, supplies) for a 1-year period after a farmer ceases to be self-employed in farming.

Section 343. Technical correction to exclusion of energy assistance from food stamp income

Under current law, payments or allowances for energy assistance are disregarded if they are (a) made under a Federal law for the purpose of providing energy assistance, or (b) made under a State or local law for the purpose of providing energy assistance (as long as the energy assistance designation meets certain Federal criteria).

This section would change the order of the Food Stamp Act's language covering energy assistance disregards to make clear that the determination of whether a payment or allowance is to be disregarded depends on the purpose of the payment, rather than whether the statute under which the payment is made, as a whole, is primarily for energy assistance.

The disregard would apply to payments or allowances made for the purpose of providing energy assistance (a) under any Federal law, or (b) under any State or local law (as long as the energy assistance designation meets certain Federal criteria).

Section 344. Treatment of resources that may not lawfully be converted to cash

This section would prohibit a finding of ineligibility due to a household's failure to dispose of an asset used in farming operations, if the liquidation would produce no funds in excess of any liens, mortgages, or other security interests, or would be contrary to a legal duty.

Subtitle E—Reducing Barriers for the Elderly and Disabled

Section 350. Disabled persons receiving benefits under standards at least as stringent as those in the Social Security Act

Under current law, disabled persons are accorded special treatment in food stamp eligibility and benefit determinations. In the majority of these determinations, a "disabled person" is one who receives Social Security or SSI disability or blindness benefits, a veteran receiving total disability benefits, or a government disability retiree, veterans's survivor, or railroad retiree meeting Social Security Act requirements for permanent disability.

This section would expand the food stamp definition of a disabled person to include the following types of benefit recipients, if the Secretary finds that their benefits are conditioned on meeting disability criteria at least as stringent as Social Security Act criteria: (a) those receiving interim benefits pending receipt of regular SSI benefits, (b) those receiving disability-related medical assistance under the Medicaid program, and (c) those receiving disability-based State general assistance.

Section 351. Simplified procedure for claiming excess medical deductions

Under current law, elderly or disabled persons are allowed to reduce the income counted for food stamp eligibility and benefit purposes to the extent they have medical expenses above \$35 a month: i.e., they are allowed to claim a medical expense "deduction."

This section would require State agencies to offer elderly or disabled person a method of claiming medical expense deductions for recurring medical expenses that are initially verified, without submitting information on, or verification of, the expense monthly. The method would have to be designed to minimize the administrative burden for eligible elderly or disabled persons choosing to use it.

Section 352. Coordinated application

Under current law, the Secretary and the Secretary of Health and Human Services must develop a system by which:

(1) a single interview shall be conducted to determine eligibility for food stamps and AFDC benefits,

(2) households in which all members are applicants for or recipients of SSI benefits shall be informed of the availability of food stamp benefits and be assisted in making a simple application to participate and be certified for food stamps using information contained in the files of the Social Security Administration,

(3) households in which all members are included in a federally aided public assistance or State or local general assistance grant shall have their application for food stamps contained in the public assistance or general assistance application form, and

(4) new applicants, as well as households that have recently lost or been denied eligibility for public assistance or general assistance, shall be certified for participation in the food stamp program based on information in the public assistance or general assistance

case file, to the extent that reasonably verified information is available in the case file.

Each State agency is required to implement procedures (1) and (2), and may implement procedures (3) and (4).

This section would require each State agency to implement all 4 procedures noted above. In addition, each State agency would be required to inform applicants for AFDC benefits that they may file an application for food stamps, along with their application for AFDC benefits and without a separate food stamp interview.

TITLE IV—FAMILY SELF-SUFFICIENCY

Section 401. References to the Food Stamp Act of 1977

This section stipulates that the provisions of title IV of this Act are to be considered as amending or repealing provisions of the Food Stamp Act of 1977, unless otherwise provided.

Section 402. Exclusion of advance payment of earned income credit

This section provides for consistent treatment of Earned Income Tax Credit (EITC) payments. Currently, more than 99 percent of EITC payments are provided as tax refunds and are excluded from being counted as income for food stamp purposes. These payments do count as resources. In the very few cases where EITC payments are made as "advance payments" and reflected in regular paychecks, they are not excluded, however.

This creates a disincentive for a low income working families to receive the EITC with its paycheck. Welfare analysts general believe that the work incentive effects of the EITC are stronger if it is received with the paycheck.

Accordingly, the bill provides for EITC payments reflected in the paycheck to be treated in the same manner as EITC refund payments. The payments will be excluded as income and counted as a resource against the program's resource limits.

Section 403. Deduction for dependent care

This section provides that reimbursements provided to households in a food stamp employment and training program, for work or dependent care expenses necessary for a household member to participate in such a program, be disregarded in food stamp income computations. This is simply a restatement and clarification of current food stamp procedures.

This section also changes the maximum allowable dependent care deduction from \$160 per household per month to \$160 per dependent per month. Households would be allowed to deduct actual dependent care expenses up to a maximum of \$160 per dependent per month. This change recognizes that dependent care costs vary based on the number of dependents (usually young children) for whom care must be provided.

This provision would conform the food stamp child care deduction more closely to the deduction provided under the AFDC program and under the welfare reform bill recently approved by the Senate.

Section 404. Limitation on resources

This section raises the assets limit for food stamp vehicles from the current level of \$4,500 to \$4,700 in FY 1989, \$4,900 in FY 1990, \$5,150 in FY 1991, \$5,400 in FY 1992, and \$5,500 in FY 1993 and thereafter.

The current limit of \$4,500 was established in 1977. Since then, the Consumer Price Index for used cars has climbed more than 100 percent (and the CPI for new cars has climbed 65 percent). In 1984, the Task Force on Food Assistance appointed by President Reagan recommended that this limit be raised to \$5,500 to reflect increased vehicle prices since 1977.

The bill takes a more moderate approach than called for by the Task Force. Rather than raising the vehicle limit to \$5,500 immediately, the bill raises the limit only so much each year as the Congressional Budget Office forecasts will be needed to keep pace with further increases in coming years in the Consumer Price Index for cars.

Thus, the vehicle limits in this bill do not represent any increase in the vehicle limit in "real" (or inflation-adjusted) terms. In addition, the bill caps the vehicle limit at \$5,500. When the limit reaches \$5,500 in FY 1993, it will stay at the limit (unless there is further Congressional action at some point in the future).

Section 405. Employment and training

This section makes several changes in the food stamp employment and training program originally enacted in 1985. The changes are designed to make the program more effective in moving food stamp recipients into gainful employment.

Accordingly, the bill provides for reimbursement of actual dependent care costs determined by the state to be necessary for the participation of a recipient in the program, up to a maximum of \$160 per dependent per month.

It should be noted that federal matching funds for reimbursement of dependent care costs would not be available for costs incurred by AFDC recipients residing in a local area where an AFDC employment or training program is in operation. This is necessary to avoid state use of federal food stamp funds to cover AFDC child care costs in the event that welfare reform legislation is not enacted.

AFDC recipients could be fully served through the food stamp employment and training program as volunteers to the extent that a state elects to serve such recipients (or as mandatory participants in local areas lacking an AFDC employment or training program) but federal food stamps matching funds would not be available for the dependent care costs of AFDC volunteers in areas where an AFDC employment or training program is operating.

The bill also requires reimbursement, up to a maximum of \$160 per month, of the actual costs of transportation and other actual costs (other than dependent care costs) that the state agency determines to be necessary to enable a recipient to participate in the employment and training program.

The costs of reimbursements for transportation, other work costs, and dependent care costs would be paid for under the normal 50/50

federal-state match, just as such reimbursements are under current food stamp law.

The bill also includes provisions regarding assessment of recipients' educational and employment skills and use of conciliation procedures (similar to those in the AFDC program) to resolve problems arising in the employment and training program. The bill also provides that federal funds made available to a state agency for a food stamp employment and training program may not be used to supplant non-federal funds for existing services and activities that promote the purposes of the food stamp employment and training program. State or local funds expended for such purposes must be maintained at least at FY 1987 levels.

Finally, the legislation establishes a procedure to improve performance standards for the employment and training program. The Secretary would establish standards to measure state performance based on employment outcomes and the degree of success that states can be expected to achieve in helping individuals to attain self-sufficiency.

In establishing the standards, the Secretary would take into account the extent to which recipients have elected to participate in the state's food stamp employment and training program, job placement rates, job retention rates, improvement in educational levels, reduced need for food stamp assistance, and other factors. The Secretary would also develop standards that encourage states to serve those recipients who have greater barriers to employment and thus have greater difficulties in achieving self-sufficiency.

PART II—NON FOOD STAMP PROVISIONS OF THE HUNGER PREVENTION ACT OF 1988

SECTION-BY-SECTION DESCRIPTION

TITLE I—EMERGENCY HUNGER PREVENTION

Subtitle A—Temporary Emergency Food Assistance Program

Section 101. Domestic use as a higher priority than foreign sales

Sections 153 and 1163 of the Food Security Act of 1985 require the use of CCC dairy commodities to promote foreign markets for dairy products. Additionally, section 202 of the Temporary Emergency Food Assistance Act of 1983 (TEFAA) requires that the Secretary of Agriculture donate CCC commodities to the TEFAP only after other domestic and foreign needs for such commodities are met.

This section would amend the TEFAA to prohibit the Secretary from operating the dairy export incentive program and export sales of dairy products in a manner that would reduce the traditional quantities of dairy products made available to the TEFAP and other domestic feeding programs.

Section 102. Supplementation of commodities

Current law permits non-Federal commodities to be donated for TEFAP use, however, it does not require explicit procedures for such donations. Additionally, current law prohibits the use of Federal TEFAP funding for anything other than the direct costs of

storage, transportation, handling and other costs associated with the distribution of federally-donated commodities by emergency feeding organizations.

This section would require the Secretary of Agriculture to establish procedures for the donation of nutritious, non-Federal commodities for use by emergency feeding organizations. It also would permit States and emergency feeding organizations to use Federal TEFAP funds, and equipment, personnel and facilities financed with such funds, for the costs of storing, handling and distributing non-Federal commodities that are donated for use by emergency feeding organizations. States also would be permitted to use up to 3 percent of their Federal allocation of TEFAP funds for programs providing information to program recipients on other food assistance programs, such as food stamps and WIC. The Secretary could require States to lessen the amount of allocated funds that States use for such information programs.

State and eligible recipient agencies would be required to continue to use volunteer workers and non-federally donated foods, to the maximum extent practicable.

Section 103. Extension of TEFAP

1. Program and funding authority

Current law authorizes the program for each of fiscal years 1986 through 1988, and authorizes funding of \$50 million for each of these fiscal years for payments to States for the State and local costs associated with the distribution of commodities by emergency feeding organizations. It also requires that States make available no less than 20 percent of the funds allocated, to pay for or advance payments to local emergency feeding organizations for such organizations' direct costs of distributing commodities to needy persons.

This section would extend the program and the \$50 million authorization for State and local distribution costs through fiscal year 1990, and would require that States increase to 40 percent, the amount of the allocated funds that would have to be used for the direct expenses of emergency feeding organizations. The program would terminate on September 30, 1990.

2. Estimates of commodities available

Under current law, the Secretary is required to publish an estimate of the types and quantities of commodities expected to be available to TEFAP in fiscal year 1988, as early as possible, but no later than the beginning of that fiscal year.

This section would extend this requirement for each of fiscal years 1989 and 1990.

3. Availability of flour, cornmeal and cheese

For fiscal year 1988, current law requires the Secretary to make additional flour, cornmeal and cheese available to States if such items are available after other CCC obligations have been met, and if the State requesting such additional allocations can certify that eligible individuals are not already receiving such commodities, the number of unemployed persons in the State has increased, and the

distribution of additional amounts will not substantially displace the commercial sale of such commodities. No more than 14 million pounds of additional cheese may be made available to States under this provision.

This section would extend through fiscal year 1990, the authority for additional allocations of available flour, cornmeal and cheese to eligible States.

Section 104. Additional Commodities Program

1. Purchase of additional commodities

Current law requires the Secretary to donate CCC commodities to TEFAP only to the extent that such commodities are available from the CCC inventory and are not needed to meet other domestic and foreign commitments. Thus, if various types of commodities are not available from CCC inventories, or are used for other higher priority purposes, TEFAP donations of such items may be discontinued. [NOTE: In May of 1988 CCC donations of cheese, nonfat dry milk, honey and rice to TEFAP were discontinued due to the unavailability of such products.]

This section would require the Secretary to spend \$145 million in each of fiscal years 1989 and 1990 to purchase a variety of nutritious and useful commodities for use by TEFAP emergency feeding organizations. These commodities would be provided as a supplement to the commodities otherwise made available from CCC inventories for the program's use, and would be incorporated into the regular TEFAP program. To the extent practicable, the additionally purchased commodities would consist of items that are of high protein and nutrient content, easily stored and convenient to use and consume, desirable to recipients and, in certain cases, not in need of cooking. The Secretary could purchase commodities to fulfill the requirements of this section at times, and under conditions deemed appropriate, during each fiscal year.

2. Allocation of additional commodities

Current law does not specify how TEFAP commodities are to be allocated to States, although it does require that Federal funding for distribution costs be used only for the cost of distributing commodities to needy persons, including low-income and unemployed persons. The USDA establishes the formula for allocation of commodities and fund by regulation and, since the program began, has allocated both TEFAP funding and commodities to States under a formula that is based on each State's relative share of the U.S. population that is unemployed, and each State's relative share of U.S. households with incomes below the poverty line. Under this formula, 40 percent of the funding and commodities are allocated on the basis of unemployment, and 60 percent on the basis of poverty households.

This section would establish in law a formula for the allocation of additional commodities to States that is based on the formula currently set by regulation for the distribution of regular TEFAP commodities and funding to States. That is, 60 percent of the additional commodities would be allocated on the basis of each State's share of the number of U.S. households with incomes below the

poverty level, and 40 percent of the additional commodities would be allocated on the basis of each State's share of the number of all unemployed persons. This formula would also apply to the reallocation of any additional commodities that States may refuse. The Secretary would be required to deliver commodities allocated under this formula at regular intervals.

3. Maintenance of effort

This section would prohibit a State from diminishing the level of support it provides from its own funds for commodities or services to organizations that receive additional Federal commodities. It also would prohibit States from reducing the amount of funding made available for other nutrition programs in the State.

Section 105. Distribution costs and regulations

Under current law, States may use Federal funds only for the direct costs of distribution TEFAP commodities for use by emergency feeding organizations.

This section would direct States to use Federal TEFAP funds for the costs of distributing the additional commodities made available under section 104 for emergency feeding organizations, and for the costs of distributing the additional commodities made available under section 110 for soup kitchens and other congregate meal sites, food banks, food pantries and similar charitable institutions.

This section also would permit the Secretary to issue final regulations to carry out the provisions for additional commodity donations, without public comment. If final regulations are issued without a comment period, the Secretary would be required to permit public comment after the issuance, consider pertinent comments, and make modifications within one year of enactment.

Section 106. Extension of Dairy Export Incentive Program

Current law requires the Commodity Credit Corporation to establish and operate an export incentive program for dairy products through fiscal year 1989.

This section would extend the dairy export incentive program through fiscal year 1991.

Section 107. Extension of export sales of dairy products

Current law requires the Secretary to sell for export, not less than 150,000 metric tons of dairy products owned by the CCC, annually in each of fiscal year 1986 through 1988, and requires the Secretary to report to the House Agriculture Committee and the Senate Committee on Agriculture, Nutrition and Forestry, semiannually on the volumes of sales made under this program.

This section would extend the requirements for sales of dairy products and the semiannual report on sales through fiscal year 1991.

Subtitle B—Soup Kitchens and Other Congregate Meal Sites

Section 110. Soup Kitchens and other congregate meal sites and food pantries

1. Purpose and mandatory allotments of commodities

This section would create a formula for the distribution of additional commodities to States for use by soup kitchens and other congregate meal sites, food banks and similar nonprofit charitable institutions providing food to needy persons. The additional commodities would be allocated to States based on a formula which distributes 60 percent of the commodities according to each State's proportion of persons in households with incomes below the poverty level, and 40 percent according to each State's proportion of the average monthly number of unemployed persons. Any additional commodities made available under this section that were refused by a State would be required to be reallocated under this same formula.

2. Definitions

"Additional commodities" would be defined to mean commodities purchased in addition to the commodities traditionally made available by the USDA and the CCC to soup kitchens and other congregate meal sites, food pantries, food banks and similar nonprofit charitable institutions providing nutrition assistance to needy persons.

"Average monthly number of unemployed persons" would be defined to mean the average monthly number of unemployed persons within each State as defined by the Bureau of Labor Statistics.

"Food Banks" would be defined as public and private nonprofit institutions that maintain established operations providing food to food pantries, soup kitchens, hunger relief centers, or other food or feeding centers that provide food to needy persons on a regular basis as an integral part of their normal activities.

"Food pantries" would be defined as charitable institutions that donate foods to needy persons on a regular basis as an integral part of their normal activities.

"Soup kitchens and other congregate meal sites" would be defined as charitable institutions that maintain an established feeding operation to provide food to needy persons on a regular basis, as an integral part of their normal activities.

3. Funding

Current commodity distribution laws provide discretionary authority for the Secretary to make excess CCC commodities, or surplus commodities purchased under Section 32, available to charitable institutions that serve low-income persons. The Temporary Emergency Food Assistance Act of 1983 also provides for distribution of excess CCC commodities to charitable agencies serving the food needs of low-income and unemployed populations.

Under this provision, the Secretary would be required to spend \$40 million to purchase, process and distribute additional commodities to States for soup kitchens and other congregate meal sites,

food pantries, food banks, and similar charitable institutions offering food or meals to needy persons.

4. Purchase of additional commodities and delivery

Under this provision the Secretary would be permitted to make purchases of additional commodities at such time and under conditions determined appropriate in each fiscal year for which additional purchases are authorized. Such commodities would have to be made available to States under the allotment formula before the end of each fiscal year.

5. Augmentation of other commodities.

Under this provision the Secretary would not be permitted to diminish the value of commodities traditionally donated to soup kitchens and other congregate meal sites, food pantries, food banks and charitable institutions, as a result of the provision of additional commodities. The value of such traditional commodities could not be less than that provided for such outlets in fiscal year 1987.

6. General maintenance of commodity donations for other programs

Under this provision, the Secretary would be prohibited from making purchases of additional commodities for emergency feeding organizations and for soup kitchens and other congregate meal sites, food pantries, food banks and other charitable institutions serving needy people in a manner that would cause a reduction in the value of bonus commodities that otherwise would be distributed to the TEFAP, to charitable institutions, or to any other domestic food assistance programs, such as those authorized under the National School Lunch Act, the Child Nutrition Act of 1966, the Food Stamp Act of 1977 or sections 4 and 5 of the Agriculture and Consumer Protection Act of 1973.

Subtitle D—Commodity Supplemental Food Program

Section 130. Continuation of cheese supplies

Current law requires the Secretary to provide commodities and administrative funding for the distribution of commodity food packages to low-income pregnant and postpartum women, and infants and children, and certain elderly populations under the Commodity Supplemental Food Program (CSFP). These food packages and funding are financed by way of annual appropriations. The Secretary may also make excess CCC commodities available to the CSFP under discretionary authority and, by law, must provide administrative funding equal to 15 percent of the value of any bonus commodities that are donated to the program. Such bonus donations are not required.

This section would require the Commodity Credit Corporation to make available 7 million pounds of cheese in each of fiscal years 1989 and 1990 for the use of the CSFP.

TITLE II—NUTRITION IMPROVEMENTS

*Subtitle B—Child Nutrition Act of 1966**Section 210. Improvement of the School Breakfast Program*

Current law requires the Secretary to provide legislatively specified meal reimbursements for each breakfast served under the School Breakfast program, and for breakfast served in child care centers and family and group day care homes participating in the Child Care Food program. Currently, an additional 3 cents is provided for such breakfasts in order to improve their nutritional quality.

This section would increase the additional 3 cent reimbursement for breakfasts served under the School Breakfast program and the Child Care Food program to 6 cents, beginning July 1, 1989.

Section 211. Addition of one snack or one meal to the Child Care Food Program

Current law prohibits Federal reimbursement for more than two meals and one snack per day, per child in child care centers and homes participating in the Child Care Food program.

This section would require the Secretary to provide reimbursement for an additional meal, or snack, served daily to a child who is in a child care center for more than eight hours per day. Such additional reimbursements would not be available to family or group day care homes participating in the child care food program.

Section 212. Special Supplemental Food Program

This section would add the term "homeless individual" to the list of terms applied to this program, and would define such a person as an individual who (1) has no fixed or regular nighttime address, or (2) has a primary nighttime residence in a supervised shelter designed for temporary accommodations, or in an institution providing temporary residence for individuals intended to be institutionalized, or in a temporary accommodation in the residence of another individual, or in a place not designed for, or ordinarily used as a sleeping accommodation for human beings.

This section also would prohibit denial of applications for participation in the WIC program solely because an applicant is homeless, or because such applicant has no fixed permanent address or mailing address. It also would require State WIC plans to include coordination with local agencies to provide an outreach program for homeless individuals and those residing in shelters for victims of domestic violence who may be eligible for WIC benefits, and to assist such individuals in applying for WIC benefits.

Section 213. Summer Feeding Program

Under current law, only public or private nonprofit school food authorities, local municipal or country governments, and residential public or private nonprofit summer camps may participate in the Summer Food Service Program for Children.

This section would add eligibility to the program for public or private nonprofit higher education institutions participating in the National Youth Sports program, and certain private, nonprofit or-

ganizations. Private nonprofit organizations would be eligible to participate only in areas where a school food authority or local, municipal or county government does not indicate by March 1 that they will operate a program. Such organizations would have to operate at not more than 5 sites and use self-preparation facilities to prepare meals, or obtain meals from a public facility. Additionally, they would have to exercise full control and authority over the operation of the program at all sites under their sponsorship, provide on-going year-round activities for children, demonstrates adequate management and fiscal capacity, and meet applicable State and local health, safety and sanitation standards.

TITLE V—DEMONSTRATION PROJECTS

Section 501. Farmers' market coupons demonstration Project

This section requires the Secretary, subject to availability of funds appropriated for these purposes, to award three-year grants to ten states to set up demonstration projects whereby WIC recipients could receive additional "coupons" to buy fresh, unprepared, food at farmers' markets.

Detailed preferences are set forth in the bill to provide criteria for the Secretary in deciding which states should be allowed to participate.

Section 502. Food bank demonstration project

Allows the Secretary to carry out demonstration projects throughout the United States to test the efficiency of having USDA directly distribute commodities to feeding centers—instead of having USDA distribute commodities to the state, which then has to distribute the commodities to the local feeding organization.

Section 503. Day care home demonstration

This section requires the Secretary to establish a demonstration project whereby child care homes and centers will be able to receive an additional reimbursement for the additional meal served to a child who has been present for eight hours or more.

This one-year demonstration project will attempt to answer three questions. Does the additional reimbursement encourage greater participation by day care homes in the Child Care Food Program? What is the nutritional impact of the additional meal or snack on the children? Does this reimbursement encourage the serving of the extra meal by homes already participating the program?

The Committee intends that, as agreed at the full Committee markup on June 14, 1988, this demonstration project will take place in Minnesota. According to data on the Child Care Food Program, Minnesota serves a large number of meals through this program, and a large proportion of the meals served are at day care homes.

This one-year demonstration project will provide day care homes and centers participating in the Child Care Food Program reimbursement for an additional meal or snack provided the child is receiving care for 8 hours or longer.

COST ESTIMATE

In accordance of paragraph 11(a) of rule XXVI of the Standard Rules of the Senate, the Committee estimates that the enactment of S. 2560 would cause some costs to be incurred in the Federal Government.

In accordance with the Congressional Budget Act of 1974, the Congressional Budget Office prepared the following cost estimate.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 23, 1988.

HON. PATRICK J. LEAHY,
*Chairman, Committee on Agriculture, Nutrition and Forestry,
U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for the Hunger Prevention Act of 1988, as reported from the Senate Committee on Agriculture, Nutrition, and Forestry, on June 14, 1988. Final bill language was not available when the estimate was prepared, and so the estimate was based on draft language and discussions with staff.

If you wish further details on this estimate, please call me or have your staff contact Julia Isaacs (226-2820).

Sincerely,

JAMES L. BLUM,
Acting Director.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: S. 2560.
2. Bill title: The Hunger Prevention Act of 1988.
3. Bill status: As ordered reported from the Senate Committee on Agriculture, Nutrition, and Forestry, on June 14, 1988. Final bill language was not available when the estimate was prepared, and so the estimate was based on draft language and discussions with staff.
4. Bill purpose: The bill would expand several nutrition programs, including Temporary Emergency Food Assistance, Food Stamps, and Child Nutrition. The bill would reauthorize the Temporary Emergency Food Assistance Program (TEFAP) for two years and would provide new mandatory spending authority for purchasing commodities for TEFAP and for emergency feeding centers. It would raise overall food stamp benefits over a three-year period, revise the Food Stamp Employment and Training program, and make several other changes in the Food Stamp program. It would expand Child Nutrition programs by raising reimbursement rates for breakfasts, increasing the number of reimbursable meals served in child care centers, and allowing certain non-profit sponsors to participate in the Summer Food program. It would also make certain other changes to commodity and nutrition programs.
5. Estimated cost to the Federal Government:

[By fiscal years, in millions of dollars]

	1989	1990	1991	1992	1993
Direct spending:					
Estimated budget authority	350	574	569	570	595
Estimated outlays	350	574	569	570	595
Amounts subject to appropriation action:					
Authorization level	52	53	4		
Estimated outlays	36	53	20	(*)	
Total spending:					
Estimated budget authority/authorization level	402	627	573	570	595
Estimated outlays	386	627	589	570	595

*Less than \$500,000.

The costs of this bill fall in Function 600.

Basis of estimate.—Direct spending provisions include increases in the Food Stamp and Child Nutrition programs, as well as required purchases of commodities. Subsequent appropriations for these provisions would be mandatory. The bill also authorizes appropriations for administrative costs for the Temporary Emergency Food Assistance program and two demonstration projects. Provisions with cost estimates are shown in the table on pp. 3-6 and are discussed below.

TITLE I—EMERGENCY HUNGER PREVENTION

Temporary emergency food assistance.—The bill would extend the Temporary Emergency Food Assistance Program through 1990, allowing the continued donation of surplus Commodity Credit Corporation commodities to state agencies and emergency feeding organizations. Section 102 would reauthorize \$50 million in 1989 and 1990 for state and local distribution and handling costs under TEFAP. Estimated outlays assume full appropriation of authorized amounts and follow historic spending patterns for this program.

Required purchase of commodities.—Title I would also require the Secretary of Agriculture to spend \$145 million in 1989 and 1990 to purchase, process, and distribute additional high protein commodities for distribution under the TEFAP program. The Secretary would also be required to spend \$40 million in 1989, 1990, and 1991 to purchase, process and distribute commodities for distribution to emergency feeding organizations such as soup kitchens and food pantries. Estimated outlays were assumed to follow a 100 percent spend-out rate for both programs, based on language requiring that commodities be purchased and delivered before the end of each fiscal year.

Basic food stamp benefit levels.—Section 120 would increase food stamp benefits over a three year period. On January 1, 1989, the maximum allotment would change from 100 percent of the Thrifty Food Plan to 79 percent of the Low Cost Food Plan. This change would represent an increase in benefits because in recent years the Thrifty Food Plan has averaged 78.3 percent of the Low Cost Food Plan. Benefits would rise to 79.5 percent of the Low Cost Food Plan on October 1, 1989, and 80 percent on October 1, 1990. According to CBO baseline projections, the fiscal year 1991 maximum allotment for a family of four would increase by \$7.00 and the average benefit

per person would increase by \$1.70. Estimated costs are \$110 million in 1989, increasing to \$405 million in 1993.

TITLE II—NUTRITION IMPROVEMENTS

Food stamp household definition.—Section 201, which would change the definition of the food stamp household, is estimated to cost \$20 million in 1989, rising to \$35 million in 1993. The new definition would allow relatives to form separate food stamp units if they customarily purchase food and prepare meals separately from other members of the household. Under current law, only selected categories of relatives (elderly or disabled parents and siblings, and minor children and their parents) are allowed to split off to form separate food stamp units. Forming separate food stamp units would result in an increase in aggregate benefits for family members because they would receive two or more standard deductions rather than one and benefits would be adjusted to reflect economies of scale. Furthermore, some people may become newly eligible because of excluding the income or resources of related persons in their household. It is difficult to estimate how many households would split into two or more units. Estimated costs are based on analysis of family composition patterns among low-income households, and revised estimates of the 1981 and 1982 legislation prohibiting related persons from applying as separate households.

Other food stamp provisions.—The other food stamp provisions in Title II would have smaller cost impacts. Extending past 1989 the current law provision making certain AFDC and SSI recipients categorically eligible for food stamps would add insignificant costs in 1990 and subsequent years. There would be small costs (\$2 million annually) associated with eliminating the net income eligibility test for households without elderly or disabled members. Costs are small because the gross income test would be retained, and a CBO model for estimating food stamp eligibility found very few households that meet the gross income test (gross income less than 130 percent of the poverty line) but fail the net income test (income after deductions less than 100 percent of the poverty line). Costs would also be relatively small (\$5 million annually) for Section 205, which would allow households to receive a full rather than prorated share of benefits in the initial month, if the household had previously participated within the past 30 days. The estimate was based on discussions with state officials and earlier estimates of the 1982 legislation requiring proration for such cases. The final provision in this subtitle with cost implications is Section 207, which would allow states to conduct food stamp informational and outreach activities. The \$3 million cost was based on the cost of mandatory informational activities prior to 1981 and a CBO telephone survey of over 30 states.

Monthly reporting and retrospective budgeting.—This title also contains three provisions which are projected to result in no additional costs to the Food Stamp program, including a provision allowing states to drop monthly reporting and retrospective budgeting requirements. Some states are expected to continue monthly reporting requirements, because they now require it for more of the caseload than mandated by federal law. Several other states have

already received broad waivers for dropping monthly reporting for much of their food stamp caseload. Thus the provision would only affect portions of the caseload in certain states. The effect in these states is uncertain. For this estimate, potential increases in benefit costs resulting from dropping monthly reporting were assumed to be roughly offset by administrative savings.

ESTIMATED COST TO THE FEDERAL GOVERNMENT OF THE HUNGER PREVENTION ACT OF 1988, AS
REPORTED BY THE SENATE COMMITTEE ON AGRICULTURE

[By fiscal year, in millions of dollars]

	1989	1990	1991	1992	1993
TITLE I—EMERGENCY HUNGER PREVENTION					
Temporary Emergency Food Assistance Program (TEFAP):					
103 Reauthorize \$50 million for TEFAP administrative costs:					
Authorization level	50	50			
Estimated outlays	34	50	16		
104 Purchase commodities for TEFAP:					
Budget authority	145	145			
Estimated outlays	145	145			
Soup kitchens:					
110 Purchase commodities for soup kitchens:					
Budget authority	40	40	40		
Estimated outlays	40	40	40		
Food stamps:					
120 Raise maximum allotment to 79 percent of low-cost food plan on Jan. 1, 1989, 79.5 percent on Oct. 1, 1989, and 80 percent on Oct. 1, 1990:					
Estimated budget authority	110	255	375	390	405
Estimated outlays	110	255	375	390	405
Subtotal, title I:					
Estimated budget authority/authorization level	345	490	415	390	405
Estimated outlays	329	490	431	390	405
TITLE II—NUTRITION IMPROVEMENTS					
Food stamps:					
201 Allow relatives who purchase/prepare meals separately to apply as separate households (Jan. 1, 1989):					
Estimated budget authority	20	30	30	35	35
Estimated outlays	20	30	30	35	35
202 Extend categorical eligibility:					
Estimated budget authority		1	1	1	1
Estimated outlays		1	1	1	1
203 Eliminate net income eligibility limitation for nonelderly/disabled households:					
Estimated budget authority	2	2	2	2	2
Estimated outlays	2	2	2	2	2
205 Do not prorate first month's benefits if household previously participated within 30 days:					
Estimated budget authority	5	5	5	5	5
Estimated outlays	5	5	5	5	5
207 Allow States to conduct food stamp informational activities with 50 percent Federal funding (July 1, 1989):					
Estimated budget authority	1	3	3	3	3
Estimated outlays	1	3	3	3	3
Child nutrition:					
210 Add 3 cents to breakfasts served under the School Breakfast and Child Care Food Programs (July 1, 1989):					
Estimated budget authority	5	25	30	30	30
Estimated outlays	5	25	30	30	30
211 Allow reimbursement for additional meal or snack in centers for children in care 8 hours or more (July 1, 1989):					
Estimated budget authority	2	10	10	10	10

**ESTIMATED COST TO THE FEDERAL GOVERNMENT OF THE HUNGER PREVENTION ACT OF 1988, AS
REPORTED BY THE SENATE COMMITTEE ON AGRICULTURE—Continued**

[By fiscal year, in millions of dollars]

	1989	1990	1991	1992	1993
Estimated outlays.....	2	10	10	10	10
213 Allow higher education institutions participating in National Youth Sports Program, and nonprofit sponsors operating at not more than five sites, to participate in the Summer Food Program:					
Estimated budget authority.....	5	5	5	10	10
Estimated outlays.....	5	5	5	10	10
Subtotal, title II:					
Estimated budget authority.....	40	80	85	95	95
Estimated outlays.....	40	80	85	95	95
TITLE III—ADMINISTRATIVE IMPROVEMENTS AND SIMPLIFICATION					
Food Stamps:					
Subtitle A—Reduce unnecessary paperwork:					
Estimated budget authority.....	1	1	1	1	1
Estimated outlays.....	1	1	1	1	1
Subtitle B—Assure accurate issuances of benefits:					
Estimated budget authority.....	1	1	1	1	1
Estimated outlays.....	1	1	1	1	1
Subtitle C—Reduce barriers in rural America:					
Estimated budget authority.....	1	1	1	1	1
Estimated outlays.....	1	1	1	1	1
Subtitle D—Eliminate inequities for farmers and others:					
Estimated budget authority.....	1	1	1	1	1
Estimated outlays.....	1	1	1	1	1
Subtitle E—Reduce barriers for the elderly and disabled:					
Estimated budget authority.....	1	2	2	2	2
Estimated outlays.....	1	2	2	2	2
Subtotal, title III:					
Estimated budget authority.....	1	3	3	3	3
Estimated outlays.....	1	3	3	3	3
TITLE IV—FAMILY SELF-SUFFICIENCY					
Food Stamps:					
402 Exclude earned income tax credit:					
Estimated budget authority.....	1	1	1	1	1
Estimated outlays.....	1	1	1	1	1
403 Raise deduction for child care expenses from \$160 per household to \$160 per dependent:					
Estimated budget authority.....	1	1	1	2	2
Estimated outlays.....	1	1	1	2	2
404 Raise threshold on vehicle assets, to \$4,700 in fiscal year 1989, \$4,900 in fiscal year 1990, \$5,150 in fiscal year 1991, \$5,400 in fiscal year 1992, and \$5,500 in fiscal year 1993:					
Estimated budget authority.....	5	20	30	45	50
Estimated outlays.....	5	20	30	45	50
405 Allow reimbursement for child care expenses associated with work programs (July 1, 1989):					
Estimated budget authority.....	2	10	10	10	10
Estimated outlays.....	2	10	10	10	10
Eliminate \$25 cap on supportive services associated with work programs (July 1, 1989):					
Estimated budget authority.....	5	20	25	25	30
Estimated outlays.....	5	20	25	25	30
Subtotal, title IV:					
Estimated budget authority.....	13	51	66	82	92
Estimated outlays.....	13	51	66	82	92

**ESTIMATED COST TO THE FEDERAL GOVERNMENT OF THE HUNGER PREVENTION ACT OF 1988, AS
REPORTED BY THE SENATE COMMITTEE ON AGRICULTURE—Continued**

[By fiscal year, in millions of dollars]

	1989	1990	1991	1992	1993
TITLE V—DEMONSTRATION PROJECTS					
501 Authorize farmers' market coupons demonstration at \$2 million in 1989, \$2.8 million in 1990 and \$3.5 million in 1991:					
Authorization level	2	3	4		
Estimated outlays	2	3	4	1	
502 Authorize \$400,000 annually for 3 years to food bank demonstration project:					
Estimated authorization level	1	1	1		
Estimated outlays	1	1	1	1	
503 Authorize 1-year, one-state demonstration allowing reimbursement for additional meal or snack in family day care homes for children in care 8 hours or more (Oct. 1, 1988):					
Estimated budget authority	2				
Estimated outlays	2	1			
Subtotal, title V:					
Estimated budget authority/authorization level	4	3	4		
Estimated outlays	4	3	4	1	
Bill total:					
Required commodity purchases:					
Estimated budget authority	185	185	40		
Estimated outlays	185	185	40		
Food stamps:					
Estimated budget authority	151	349	484	520	545
Estimated outlays	151	349	484	520	545
Child nutrition:					
Estimated budget authority	14	40	45	50	50
Estimated outlays	14	40	45	50	50
Amounts subject to appropriation action:					
Estimated budget authority	52	53	4		
Estimated outlays	36	53	20	1	
Bill total:					
Estimated budget authority/authorization level	402	627	573	570	595
Estimated outlays	386	627	589	570	595

¹Less than \$500,000.

CHILD NUTRITION

School Breakfast Program.—Section 210 would increase by 3 cents the reimbursement rates for breakfasts served under the School Breakfast and the Child Care Food Programs. This increase would be in addition to the 3 cent increase added by the Child Nutrition Amendments of 1986. The increase would begin July 1, 1989, with estimated costs of \$5 million in 1989, \$25 million in 1990, and \$30 million in subsequent years. The cost is based on CBO projections that in 1990, 670 million breakfasts will be served in schools and 208 million breakfasts will be served in child care centers and family day care homes.

Child Care Food Program.—The bill would allow child care centers participating in the Child Care Food Program to serve up to three meals and one snack, or two meals and two snacks, thus allowing one more meal or snack than current law. The additional meal or snack would be limited to meals served to children in child

care centers, not family day care homes, and to children in care for eight hours or more. The estimate of \$10 million annually was based on analysis of 1981 meal patterns when additional meals were allowed. Costs were reduced to reflect the eight-hour restriction. The primary result of this provision is expected to be a significant increase (over 20 percent) in snacks served.

Summer Food Program.—Section 213 would allow certain additional sponsors to participate in the Summer Food Program, specifically, private universities involved in the National Youth Sports Program and private non-profit organizations that operate at no more than five summer feeding sites and that use self-preparation facilities or obtain meals from a public facility. The \$5 million estimated annual cost is based on analysis of the decrease in summer food program meals after 1981 when private nonprofit sponsors other than schools or camps were removed from the program. The estimate assumes that the five-site restriction would reduce costs to one-fourth of the costs of earlier legislation with a fifteen-site restriction. The provision is estimated to result in a 4 percent increase in meals served.

TITLE III—ADMINISTRATIVE SIMPLIFICATION AND REDUCTION IN BARRIERS TO PARTICIPATION

Title III would make many administrative changes to the Food Stamp program, effective July 1, 1989. The title is estimated to cost \$3 million annually, with most changes involving little or no cost. Subtitle B is estimated to cost \$1 million, primarily for Section 321, which would provide special training in certification of households with a self-employed or farming member. Subtitle E is estimated to cost \$2 million, due to costs for Sections 350 and 351. Section 350 would expand the definition of the disabled, increasing costs slightly, because disabled recipients are allowed higher deductions than other recipients, and thus generally receive higher benefits. The exact number of newly defined disabled recipients is uncertain, but costs are expected to be under \$1 million. Section 351 would allow elderly and disabled households with recurring medical expenses to estimate those expenses rather than document them monthly. Costs are estimated as under \$1 million, under the assumption that this change would reduce documentation burdens slightly and thus cause a small increase in the use of the medical deduction. Section 322, allowing states to train and assist people working with non-profit organizations to provide outreach and screening, would cost \$2 million annually if it were enacted as a separate item. However, it adds no significant cost to this bill, because Section 207 of this bill already authorizes general informational activities (at an estimated \$3 million cost).

TITLE IV—FAMILY SELF-SUFFICIENCY

Food stamp dependent care deduction.—Section 403 would raise the cap on the dependent care deduction from \$160 per household to \$160 per child for an estimated cost of \$1 million. Dependent care expenses data in the Food Stamp Quality Control survey suggests that very few households (only 5,000) would be affected.

Limitation on Vehicle Resources.—Section 404 would incrementally increase the threshold on vehicle resources from \$4,500 under current law to \$5,500 in 1993. Raising the threshold would expand food stamp eligibility because the value of vehicles below this threshold is excluded when calculating household resources. The bill specifies the following new levels for the threshold: \$4,700 in 1989, \$4,900 in 1990, \$5,150 in 1991, \$5,400 in 1992, and \$5,500 in fiscal year 1993 and thereafter. These levels follow CBO projections of price inflation as measured by the Consumer Price Index, except the 1993 level is capped at \$5,500. Costs are estimated to rise from \$5 million in 1989 to \$55 million in 1993. These costs were based on a CBO simulation model which estimated that between 150,000 and 200,000 households would become newly eligible with a \$1,000 increase in the vehicle threshold. The estimate assumed a 12.5 percent participation rate because of data suggesting low participation by household with countable resources. Newly eligible households were assumed to receive slightly higher than average benefits, based on Quality Control data on benefit levels for household with vehicle resources.

EMPLOYMENT AND TRAINING PROGRAM SUPPORTIVE SERVICE REIMBURSEMENTS

Section 405 would make several changes to the Employment and Training Program, effective July 1, 1989. Reimbursements would be provided for child care expenses of up to \$160 per dependent, with states allowed to set a higher cap, consistent with their cap for child care expenses for AFDC work programs. The cap of \$25 per month for other supportive services would be removed. The bill would also require the Secretary of Agriculture to establish a procedure for changing the work program performance standards one year after the bill's enactment.

Providing child care reimbursements is estimated to cost the federal government \$10 million annually, and removing the cap on the other supportive services is estimated to cost \$20 million in 1990, rising to \$30 million by 1993. These costs were based on CBO projections that 1.65 million food stamp participants will be placed in food stamp work programs annually. One-fourth were assumed to drop out of the program before requiring supportive services, leaving 1.25 million participants receiving supportive services. These projections are uncertain because the Employment and Training program has been in place only since April 1, 1987, and because the level of spending on supportive services is largely dependent on actions by the states. The cost impact of changing the performance standards was not estimated because the level of the new performance standards was not specified.

Child care reimbursements would be limited because mothers with children under six and single mothers receiving AFDC are exempt from work program participation. These mothers could volunteer to participate, and in fact state plans project that 6 percent of participants will be volunteers. However, the bill prohibits child care reimbursements to AFDC recipients except in areas without an AFDC work program. This restriction was assumed to limit child care reimbursements to one-third of the volunteers currently

participating, or 2 percent of work program participants. An additional 16 percent of participants were estimated to be caretakers of children in the 6- to 12-year age group, based on Food Stamp Quality surveys. Child care costs for school-age children were estimated to be small, because of the scheduling of work program requirements during school hours and the extensive use of informal and unpaid child care arrangements.

The estimated cost of removing the \$25 per month cap on other supportive services was based on conversations with various state officials. States generally fell into one of three categories: states that had no ability to increase spending for supportive services and would continue to limit spending to at most \$25 per month, states that were willing to spend more in those cases where recipients could document unusually high expenses, and states that were already using state funds to more than \$25 per month for transportation and other services and would welcome an opportunity to remove the cap. Based on these responses, CBO estimated that in 1990 annual costs for supportive services would rise from \$42 per participant to \$78, an 85 percent increase.

TITLE V—DEMONSTRATION PROJECTS

This title would authorize a three-day Farmers' Market Coupons Demonstration Project and a three-year Food Bank Demonstration Project. The Farmers' Market Coupons Project would be authorized at \$2 million in 1989, \$2.8 million in 1990 and \$3.5 million in 1991. The Food Bank Demonstration would be authorized at \$400,000 annually for three years.

Title V would also allow family day care homes in one state to serve an additional meal or snack during a one-year demonstration project, beginning 30 days after enactment but no earlier than October 1, 1988. Allowing an additional meal is expected to have a bigger impact in family day care homes than in child care centers, based on meal patterns prior to 1981. Costs were reduced to reflect the eight-hour restriction, and costs for one state were estimated as eight percent of costs for a national expansion, or \$2 million. The Secretary is directed to select a state with a high proportion of child care food program meals served in family day care homes rather than centers, and for the purpose of this estimate, is assumed to select the state with the highest such proportion, Minnesota. This provision is expected to result in a significant increase in snacks served (35 percent), with smaller increases (2 percent) in breakfasts, lunches and suppers.

6. Estimated cost to state and local government: States would pay 50 percent of any increased spending for food stamp administrative expenses. This would total \$36 million in 1990, including \$3 million for food stamp informational activities, \$3 million for administrative simplification, and \$30 million for child care and other supportive services. For a few states, however, these costs would be offset considerably because they now use state funds to provide child care or supportive services in excess of \$25 per month.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: Julia B. Isaacs.

10. Estimate approved by: C.G. Nuckols, for James L. Blum, Assistant Director for Budget Analysis.

REGULATORY IMPACT STATEMENT

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee made the following evaluation of the regulatory impact which would be incurred in carrying out S. 2560.

The United States Department of Agriculture is charged with issuing regulations necessary to implement the provisions of this bill. All regulations must be published by July 1, 1989. A listing of the required regulatory changes is described in the section-by-section description.

ADDITIONAL VIEWS OF SENATOR RUDY BOSCHWITZ

I commend my colleagues on the Nutrition Subcommittee and their staff for their hard work on the Hunger Prevention Act of 1988. We succeeded in developing a compromise package that was acceptable to the Subcommittee and the full Committee. The Hunger Prevention Act of 1988 is a balanced package which makes improvements in the food stamp program, the Temporary Emergency Food Assistance Program (TEFAP), other commodity programs, and the child nutrition programs. In particular, I'm pleased that the bill provides increased food stamp benefits, an extension of the TEFAP through a purchase of commodities, commodities for congregate meal sites (the so-called soup kitchens), increased reimbursement for school breakfast and the Child Care Food Program, and ensures that the Commodity Supplemental Food Program will continue to receive cheese.

However, I feel it is necessary to share my concerns about one provision of the bill regarding the Child Care Food Program (CCFP). This bill provides reimbursement for an additional meal or snack served to children who are cared for in child care centers eight hours or longer. Currently, both day care homes and child care centers participating in the CCFP receive reimbursement for serving two meals and one snack. In the past I have introduced legislation that would provide the additional reimbursement for both child care centers and day care homes. I had pushed for that provision in this bill and am disappointed that it was not included.

This year I have held numerous hearings and meetings back in Minnesota about child care in general and the Child Care Food Program in particular. I am convinced that the day care home provider system should be further encouraged and expanded. It gives many mothers the opportunity to stay home with their children and provide some additional family income. I have also been opposed to requiring "means testing" for day care homes. Means testing is not possible in a neighborhood environment; it is too intrusive in a situation that often involves close neighbors and friends. The program does feed many children who would qualify under means testing and it's an incentive for the day care homes to become licensed, since the day care homes must meet state or local licensing requirements to participate in the CCFP. Furthermore, the program provides substantial income to home providers and helps keep the cost of child care down. CCFP helps provide nutritious meals for the children and affordable, quality care for the parents. I believe that both child care centers and day care homes deserve that kind of support.

Next year when the Agriculture Committee considers legislation to reauthorize the child nutrition programs, I intend to push for the additional reimbursement for day care homes and will encour-

age my colleagues on the Committee to join me in support of day care homes participating in the Child Care Food Program.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by S. 2560 are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 7—UNITED STATES CODE 612c NOTE

* * * * *

"AVAILABILITY OF CCC COMMODITIES

"SEC. 202. (a) Notwithstanding * * *

* * * * *

"(f) Notwithstanding any other provision of law, the programs authorized by sections 153 and 1163 of the Food Security Act of 1985 (15 U.S.C. 713a-14 and 7 U.S.C. 1731 note) shall not be operated in a manner that will, in any way, reduce the quantities of dairy products that traditionally are made available to carry out this Act or any other domestic feeding program."

* * * * *

"AVAILABILITY OF CCC FLOUR, CORNMEAL, AND CHEESE

"SEC. 202A. Notwithstanding any other provision of law—

"(a)(1) To the extent provided in advance in an appropriation Act, in [fiscal year 1988,] *fiscal years 1988 through 1990*, flour, cornmeal, and cheese acquired by the Commodity Credit Corporation that are in excess of quantities needed to—

"(A) carry out other domestic donation programs,

"(B) meet other domestic obligations (including quantities needed to carry out a payment-in-kind acreage diversion program),

"(C) meet international market development and food aid commitments, and

"(D) carry out the farm price and income stabilization purposes of the Agricultural Adjustment Act of 1938 [section 1281 et seq. of this title], the Agricultural Act of 1949 [section 1421 et seq. of this title], and Commodity Credit Corporation Charter Act [section 714 et seq. of Title 15, Commerce and Trade]. shall be made available as provided in paragraph (2).

"(2) The Secretary shall make such excess flour, cornmeal, and cheese available in any State, in addition to the normal allotment of such commodities (adjusted by any reallocation) [for fiscal year 1988] *fiscal years 1988 through 1990* under this Act, as the request of the chief executive officer of such State who certifies to the Secretary that—

"(A)(i) individuals in such State who are eligible to receive flour, cornmeal, and cheese under this Act are not receiving

such commodities distributed under other provisions of this Act, or

"(ii) the number of unemployed individuals in such State has increased during the most recent 90-day period for which unemployment statistics are available prior to the date the certification is made, and

"(B) the distribution of flour, cornmeal, and cheese under this section in such State will not substantially, displace the commercial sale of such commodities in such State.

"(b) Flour, cornmeal, and cheese made available under this section by the Secretary shall be made available without charge or credit in [fiscal year 1988], *fiscal years 1988 through 1990* in a usable form, for use by eligible recipient agencies in a State.

"(c) The amount of cheese made available under this section in [fiscal year 1988] *fiscal years 1988 through 1990* shall not exceed 14,000,000 pounds.

"ASSURANCES; ANTICIPATED USE

* * * * *

"SEC. 203D. STATE AND LOCAL SUPPLEMENTATION OF COMMODITIES.

"(a) *AUTHORIZATION.*—The Secretary shall establish procedures under which State and local agencies, charitable institutions, or any other persons may supplement the commodities distributed under the program authorized by this Act for use by emergency feeding organizations with nutritious and wholesome commodities that such entities or persons donate to State agencies and emergency feeding organizations for distribution, in all or part of the State, in addition to the commodities otherwise made available under this Act.

"(b) *USE OF FUNDS AND FACILITIES.*—States and emergency feeding organizations may use the funds appropriated under this Act and equipment, structures, storage space, vehicles, and all other facilities involved in the storage, handling, or distribution of commodities made available under this Act, and the personnel, both paid or volunteer, involved in such storage, handling, or distribution, to store, handle or distribute commodities donated for use by emergency feeding organizations by such State and local agencies, charitable institutions, or any other persons under this section.

"(c) *INFORMATION PROGRAM.*—Not to exceed 3 percent of the funds allocated to each State for the costs associated with the distribution of commodities under this Act may be used for the costs of conducting a program, unless all or a portion of such 3 percent is not approved by the Secretary, in all or part of the State, that provides information to persons receiving commodities under this Act concerning the availability of other food assistance programs such as the food stamp program authorized by the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) and the Special Supplemental Food Program for Women, Infants, and Children authorized by section 17 of the Child Nutrition Act (42 U.S.C. 1786).

"(d) *VOLUNTEER WORKERS.*—State and eligible recipient agencies shall continue, to the maximum extent practicable, to use volunteer workers and commodities and other food stuffs donated by charitable and other organizations in the operation of the program authorized by this Act."

"AUTHORIZATION AND APPROPRIATIONS

"SEC. 204. (a) There is appropriated * * *

* * * * *

"(c)(1) There are authorized to be appropriated \$50,000,000 for each of the fiscal years ending September 30, 1986, through [September 30, 1988] *September 30, 1990*, for the Secretary to make available to the States for State and local payments for costs associated with the distribution of commodities by emergency feeding organizations under this title [this note]. Funds appropriated under this paragraph for any fiscal year shall be allocated to the States on an advance basis, dividing such funds among the States in the same proportions as the commodities distributed under this title [this note] for such fiscal year are divided among the States. If a State agency is unable to use all of the funds so allocated to it, the Secretary shall reallocate such unused funds among the other States *and for the distribution of commodities under section 110 of the Hunger Prevention Act of 1988. States shall use funds provided under this paragraph to pay for the costs associated with the distribution of commodities to emergency feeding organizations such as soup kitchens and other congregate meal sites, food pantries, food banks, and similar charitable institutions within a given State under the program authorized under section 110 of the Hunger Prevention Act of 1988, and to pay for the costs associated with the distribution of additional commodities provided pursuant to section 214.*

"(2) Each state shall make available to emergency feeding organizations in the State not less than [20] 40 per centum of the funds provided as authorized in paragraph (1) that it has been allocated for a fiscal year, as necessary to pay for, or provide advance payments to cover, the direct expenses of the emergency feeding organizations for distributing commodities to needy persons, but only to the extent such expenses are actually so incurred by such organizations. As used in this paragraph, the term 'direct expenses' includes costs of transporting, storing, handling, and distributing commodities incurred after they are received by the organization; costs associated with determinations of eligibility, verification, and documentation; costs involved in publishing announcements of times and locations of distribution; and costs of recordkeeping, auditing, and other administrative procedures required for participation in the program under this title [this note]. If a State makes a payment, using State funds, to cover direct expenses of emergency feeding organizations, the amount of such payment shall be counted toward the amount a State must make available for direct expenses of emergency feeding organizations under this paragraph.

* * * * *

"REGULATIONS

"SEC. 210. (a) The Secretary * * *

* * * * *

"(c) With respect to the commodity distribution program under this Act in effect during the period ending on the date specified in

section 212, the Secretary shall, not later than October 1, 1983, publish in the Federal Register an estimate of the types and quantities of commodities that the Secretary anticipates are likely to be made available during the first twelve months of the program; and, as early as feasible but not later than the beginning of the [fiscal year ending September 30, 1988,] *fiscal years 1989 and 1990* the Secretary shall publish in the Federal Register an estimate of the types and quantities of commodities that the Secretary anticipates are likely to be made available during the [sic.] such fiscal year of the program under this Act: *Provided*, that the actual types and quantities of commodities made available by the Secretary under this Act may differ from the estimates.

* * * * *

"(e) The Secretary is authorized to issue final regulations without first issuing proposed regulations (except as otherwise provided in 214(j)) for public comment in order to carry out the provisions of sections 213 through 215. If final regulations are issued without such prior public comment the Secretary shall permit public comment on such regulations, shall consider pertinent comments, and shall make such modifications of such regulations not later than 1 year after the date of enactment of this subsection. Such final and modified regulations shall be accompanied by a statement of the basis and purpose for such regulations."

"PROGRAM TERMINATION

"SEC. 212. Except for section 207, this Act [this note] shall terminate on September 30, [1988.] 1990.

"SEC. 213. INCORPORATION OF ADDITIONAL COMMODITIES.

"(a) IN GENERAL.—The Secretary shall administer the program authorized under this Act in a manner that incorporates into the program additional commodities purchased by the Secretary under section 214 to be distributed to States for use in such States by emergency feeding organizations, as defined in section 201A(1). Such additional commodities, to the extent practicable and appropriate, shall include the purchase of commodities purchased within a given State for distribution within such State.

"(b) SUPPLEMENT COMMODITIES AVAILABLE.—The Secretary shall supplement the commodities made available to emergency feeding organizations under sections 202, 202A and 203D(a) with nutritious and useful commodities purchased by the Secretary under section 214.

"SEC. 214. REQUIRED PURCHASES OF COMMODITIES.

"(a) PURPOSE.—It is the purpose of this section to establish a formula so that the amount, measured by their value, of additional commodities that are to be allocated to each State can be precisely calculated for fiscal years 1989 and 1990. The share of commodities, as measured by their value, to be allocated to each State shall be based 60 percent on the number of persons in households within the State having incomes below the poverty level and 40 percent on the number of unemployed persons within the State.

"(b) DEFINITIONS.—As used in this section—

"(1) **ADDITIONAL COMMODITIES.**—The term 'additional commodities' means commodities purchased under this section in addition to the commodities otherwise made available under sections 202, 202A, and 203D(a).

"(2) **AVERAGE MONTHLY NUMBER OF UNEMPLOYED PERSONS.**—The term 'average monthly number of unemployed persons' refers to the average monthly number of unemployed persons within each State in a specified fiscal year as determined by the Bureau of Labor Statistics of the Department of Labor.

"(3) **POVERTY LINE.**—The term 'poverty line' has the same meaning given such term in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

"(4) **TOTAL VALUE OF ADDITIONAL COMMODITIES.**—The term 'total value of additional commodities' means the actual cost (excluding the distribution and processing costs incurred by the Secretary), as paid by the Secretary, for all additional commodities purchased under subsection (e).

"(5) **VALUE OF ADDITIONAL COMMODITIES RECEIVED BY EACH STATE.**—The term 'value of additional commodities received by each State' means the actual cost for additional commodities purchased (excluding distribution and processing costs), as paid by the Secretary, under this section and provided to such State.

"(c) **PURCHASE OF COMMODITIES.**—The Secretary shall purchase a variety of nutritious and useful commodities to supplement the commodities otherwise provided under the program authorized by this Act.

"(d) **TYPES AND VARIETIES.**—In determining the types and varieties of commodities to purchase under subsection (c), the Secretary shall, to the extent practicable and appropriate, purchase commodities—

"(1) with high protein and nutrient content per unit of weight;

"(2) that are easily and safely stored;

"(3) that are convenient to use and consume;

"(4) that are desired by the needy individuals who are likely to be the recipients of such commodities; and

"(5) in certain cases, that do not require any cooking.

"(e) **AMOUNTS.**—During each of the fiscal years 1989 and 1990, the Secretary shall spend \$145,000,000 to purchase, process, and distribute additional commodities under this section.

"(f) **MANDATORY ALLOTMENTS.**—In each fiscal year, the Secretary shall allot—

"(1) 60 percent of the total value of additional commodities provided to States in a manner such that the value of additional commodities received by each State bears the same ratio to 60 percent of the total value of additional commodities as the number of persons in households within the State having incomes below the poverty line bears to the total number of persons in households within all States having incomes below such poverty line, and each State shall be entitled to receive such value of additional commodities; and

"(2) 40 percent of the total value of additional commodities provided to States in a manner such that the value of additional commodities received by each State bears the same ratio to 40

percent of the total value of additional commodities as the average monthly number of unemployed persons within the State during the preceding fiscal year bears to the average monthly number of unemployed persons within all States during such preceding fiscal year, and each State shall be entitled to receive such value of additional commodities.

"(g) **REALLOCATION.**—The Secretary shall notify each State of the amount of the additional commodities that such State is allotted to receive under subsection (f), and each State shall promptly notify the Secretary if such State determines that it will not accept any or all of the commodities made available under such allocation. On such a notification by a State, the Secretary shall reallocate and distribute the amount such State was to receive under the formula prescribed in subsection (f). The Secretary shall further establish procedures to permit States to decline to receive portions of such allocation during each fiscal year as the State determines is appropriate and the Secretary shall reallocate and distribute such allocation.

"(h) **ADMINISTRATION.**—Subject to subsections (e) and (f), purchases under this section shall be made by the Secretary at such times and under such conditions as the Secretary determines appropriate within each fiscal year. All such commodities purchased for a given fiscal year shall be delivered at reasonable intervals to states based on the allotments calculated under subsection (f) or reallocated under subsection (g) before the end of such fiscal year. Each State shall be entitled to receive that value of additional commodities that results from the application of the formula set forth in this section to the total value of additional commodities.

"(i) **MAINTENANCE OF EFFORT.**—If a State uses its own funds to provide commodities or services to organizations receiving funds or services under this section, such State shall not diminish the level or support it provides to such organizations or reduce the amount of funds available for other nutrition programs in the State in each fiscal year.

"(j) **NEW FORMULA.**—Notwithstanding the provisions of this section that set forth the specific formula for allocating additional commodities to each State, the Secretary is authorized to promulgate a different precise formula, after prior notice and comment as required by section 553 of title 5, United States Code, only to the extent that—

"(1) any such formula is effective at the outset of, and throughout any given fiscal year;

"(2) any such formula can be used to precisely calculate the amount of commodities to be made available to each State by the Secretary for each fiscal year;

"(3) such formula provides that each State is entitled to receive that value of additional commodities which results from the application of such formula to the total value of additional commodities; and

"(4) such is permitted by all other provisions of this section which shall continue to be apply to such formula.

"(k) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated such sums as may be necessary to carry out this section."

TITLE 7—UNITED STATES CODE 2012 NOTE

EFFECTIVE AND TERMINATION DATES OF 1986 AMENDMENTS

Section 11002(f) of Pub. L. 99-570 provided that:

"(1) The amendments made by this section [amending this section and sections 2018 and 2019 of this title] shall become effective, and be implemented by issuance of final regulations, not later than April 1, 1987.

"(2) Not later than September 30, 1988, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that evaluates the program established by the amendments made by this section, including any proposed legislative recommendations.

"(3) The amendments made by this section *except those amendments made by subsection (b)*, shall cease to be effective after September 30, 1990."

FOOD SECURITY ACT OF 1985

* * * * *

DAIRY EXPORT INCENTIVE PROGRAM

SEC. 153. (a) During the period beginning 60 days after the date of enactment of this Act and ending on September 30, [1989] 1991, the Commodity Credit Corporation shall establish and operate an export incentive program as described in this section for dairy products under section 5 of the Commodity Credit Corporation Charter Act.

* * * * *

EXPORT SALES OF DAIRY PRODUCTS

SEC. 1163. (a) In each of the [fiscal years ending September 30, 1986, September 30, 1987, and September 30, 1988] *each of the fiscal years 1986 through 1991*, the Secretary of Agriculture shall sell for export, at such prices as the Secretary determines appropriate, not less than 150,000 metric tons of dairy products owned by the Commodity Credit Corporation, of which not less than 100,000 metric tons shall be butter and not less than 20,000 metric tons shall be cheese, if that disposition of such commodities will not interfere with the usual marketings of the United States nor disrupt world prices of agricultural commodities and normal patterns of commercial trade.

* * * * *

(c) Through September 30, [1988] 1991, the Secretary shall report semiannually to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the volume of sales made under this section.

* * * * *

FOOD STAMP ACT OF 1977

* * * * *

SEC. 3. [(7 U.S.C. 2012)] As used in this Act, the term:

(a) "Allotment" * * *

* * * * *

(i) "Household" means (1) an individual who lives alone or who, while living with others, customarily purchase food and prepares meals for home consumption separate and apart from the others, [(2)] or (2) a group of individuals who live together and customarily purchase food and prepare meals together for home consumption [, or (3) a parent of minor children and that parent's children (notwithstanding the presence in the home of any other persons, including parents and siblings of the parent with minor children) who customarily purchase food and prepare meals for home consumption separate from other persons, except that the certification of a household as a separate household under this clause shall be reexamined no less frequently than once every 6 months; except that (other than as provided in clause (3)) parents and children, or siblings,]. *Parents and their minor children* who live together shall be treated as a group of individuals who customarily purchase and prepare meals together for home consumption even if they do not do so, unless [one of the parents or siblings] *one of the parents* who live together shall be treated as a group of individuals who customarily purchase and prepare meals together for home consumption even if they do not do so, unless [one of the parents or siblings], *one of the parents* is an elderly or disabled member. Notwithstanding clause (1) of the preceding sentence, an individual who lives with others, who is sixty years of age or older, and who is unable to purchase food and prepare meals because such individual suffers, as certified by a licensed physician, from a disability which would be considered a permanent disability under section 221(i) of the Social Security Act (42 U.S.C. 421(i)) or from a severe, permanent, and disabling physical or mental infirmity which is not symptomatic of a disease shall be considered, together with any of the others who is the spouse of such individual, an individual household, without regard to the purchase of food and preparation of meals, if the income (as determined under section 5(d)) of the others, excluding the spouse, does not exceed the poverty line, as described in section 5(c)(1) by more than 65 per centum. In no event shall any individual or group of individuals constitute a household if they reside in an institution or boarding house, or else live with others and pay compensation to the others for meals. For the purposes of the subsection, residents of federally subsidized housing for the elderly, disabled or blind recipients of benefits under title II or title XVI of the Social Security Act [(42 U.S.C. 401 et seq.)] who are residents in a public or private nonprofit group living arrangement that serves no more than sixteen residents and is certified by the appropriate State agency or agencies under regulations issued under section 1616(e) of the Social Security Act [(42 U.S.C. 1382(e))], temporary residents of public or private nonprofit shelters for battered women and children, residents of public or private nonprofit shelters for individuals who do not reside in permanent dwellings or have no

fixed mailing addresses, who are otherwise eligible for coupons, and narcotics addicts or alcoholics who live under the supervision of a private nonprofit institution, or a publicly operated mental health center, for the purpose of regular participation in a drug or alcoholic treatment program shall not be considered residents of institutions and shall be considered individual households.

(o) **["Thrifty"] "low cost food plan"** means the diet required to feed a family of four persons consisting of a man and a woman twenty through fifty, a child six through eight, and a child nine through eleven years of age, determined in accordance with the Secretary's calculations *published and distributed in April 1983*. The cost of such diet shall be the basis for uniform allotments for all households regardless of their actual composition except that the Secretary shall (1) make household-size adjustments (based on the unrounded cost of such diet) taking into account economies of scale, (2) make cost adjustments in the **["thrifty"] low cost food plan** for Hawaii and the urban and rural parts of Alaska to reflect the cost of food in Hawaii and urban and rural Alaska, (3) make cost adjustments in the separate **["thrifty"] low cost food plans** for Guam, and the Virgin Islands of the United States to reflect the cost of food in those States, but not to exceed the cost of food in the fifty States and the District of Columbia, (4) through January 1, 1980, adjust the cost of such diet every January 1 and July 1 to the nearest dollar increment to reflect changes in the cost of the **["thrifty"] low cost food plan** for the six months ending the preceding September 30 and March 31, respectively, (5) on January 1, 1981, adjust the cost of such diet to the nearest dollar increment to reflect changes in the cost of the **["thrifty"] low cost food plan** for the twelve months ending the preceding September 30, (6) on October 1, 1982, adjust the cost of such diet to reflect changes in the cost of the **["thrifty"] low cost food plan** for the twenty-one months ending June 30, 1982, reduce the cost of such diet by 1 per centum, and round the result to the nearest lower dollar increment for each household size, (7) on October 1, 1983, and October 1, 1984, adjust the cost of such diet to reflect changes in the cost of the **["thrifty"] low cost food plan** for the twelve months ending the preceding June 30, reduce the cost of such diet by 1 per centum, and round the result to the nearest dollar increment for each household size, and (8) on October 1, 1985, and each October 1 thereafter, adjust the cost of such diet to reflect changes in the cost of the **["thrifty"] low cost food plan** for the twelve months ending the preceding June 30 and round the result to the nearest lower dollar increment for each household size: *Provided*, That the periods upon which such adjustments are based shall be subject to revision by Act of Congress.] (4) on January 1, 1989, adjust the cost of such diet to reflect the cost of the Low Cost Food Plan in the preceding June and (5) on October 1, 1989, and on the each October 1 thereafter, adjust the cost of such diet to reflect the cost of such diet in the preceding June.

* * * * *

(r) "Elderly or disabled member" means a member of a household who—

(1) is sixty years of age or older;

[(2) receives supplemental security income benefits under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.), federally or State administered supplemental benefits of the type described in section 1616(a) of the Social Security Act [(42 U.S.C. 1382e(a))] if the Secretary determines that such benefits are conditioned on meeting the disability or blindness criteria used under title XVI of the Social Security Act, or federally or State administered supplemental benefits of the type described in section 212(a) of Public Law 93-66 (42 U.S.C. 1382 note):]

(2)(A) receives supplemental security income benefits under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.) or Federally or State administered supplemental benefits of the type described in section 212(a) of Public Law 93-66 (42 U.S.C. 1382 note); or

(B) receives Federally or State administered supplemental benefits of the type described in section 1616(a) of the Social Security Act (42 U.S.C. 1382e(a)), interim assistance pending receipt of supplemental security income, disability-related medical assistance under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), or disability-based State general assistance benefits, if the Secretary determines that such benefits are conditioned on meeting disability or blindness criteria at least as stringent as those used under title XVI of the Social Security Act,

(3) receives disability or blindness payments under title I, II, X, XIV, or XVI of the Social Security Act (42 U.S.C. 301 et seq.) or receives disability retirement benefits from a governmental agency because of a disability considered permanent under section 221(i) of the Social Security Act (42 U.S.C. 421(i));

(4) is a veteran who—

(A) has a service-connected or non-service-connected disability which is rated as total under title 38, United States Code; or

(B) is considered in need of regular aid and attendance or permanently housebound under such title;

(5) is a surviving spouse of a veteran and—

(A) is considered in need of regular aid and attendance or permanently housebound under title 38, United States Code; or

(B) is entitled to compensation for a service-connected death or pension benefits for a non-service-connected death under title 38, United States Code, and has a disability considered permanent under section 221(i) of the Social Security Act (42 U.S.C. 421(i));

(6) is a child of a veteran and—

(A) is considered permanently incapable of self-support under section 414 of title 38, United States Code; or

(B) is entitled to compensation for a service-connected death or pension benefits for a non-service-connected death under title 38, United States Code, and has a disability considered permanent under section 221(i) of the Social Security Act (42 U.S.C. 421(i)); or

(7) is an individual receiving an annuity under section 2(a)(1)(iv) or 2(a)(1)(v) of the Railroad Retirement Act of 1974 (45 U.S.C. 231a(a)(1)(iv) or 231a(a)(1)(v)), if the individual's service as an employee under the Railroad Retirement Act of 1974, after December 31, 1936, had been included in the term "employment" as defined in the Social Security Act [(42 U.S.C. 301 et seq.)], and if an application for disability benefits had been filed.

* * * * *

ELIGIBLE HOUSEHOLDS

SEC. 5. [(7 U.S.C. 2014)] (a) Participation in the food stamp program shall be limited to those households whose incomes and other financial resources, held singly or in joint ownership, are determined to be a substantial limiting factor in permitting them to obtain a more nutritious diet. Notwithstanding any other provisions of this Act except sections 6(b), 6(d)(2), and 6(g) and the third sentence of section 3(i), and [during the period] beginning on the date of the enactment of the Food Security Act of 1985 [December 23, 1985] [and ending on September 30, 1989], households in which each member receives benefits under a State plan approved under part A of title IV of the Social Security Act [(42 U.S.C. 601 et seq.)], supplemental security income benefits under title XVI of the Social Security Act [(42 U.S.C. 1381 et seq.)], or aid to the aged, blind, or disabled under title I, X, or XIV, or XVI of the Social Security Act [(42 U.S.C. 301 et seq.)], shall be eligible to participate in the food stamp program. Assistance under this program shall be furnished to all eligible households who make application for such participation.

(b) The Secretary shall establish uniform national standards of eligibility (other than the income standards for Alaska, Hawaii, Guam, and the Virgin Islands of the United States established in accordance with subsections (c) and (e) of this section) for participation by households in the food stamp program in accordance with the provisions of this section. No plan of operation submitted by a State agency shall be approved unless the standards of eligibility meet those established by the Secretary, and no State agency shall impose any other standards of eligibility as a condition for participating in the program.

(c) The income standards of eligibility shall be adjusted each October 1 and shall provide that a household shall be ineligible to participate in the food stamp program if—

(1) *in the case of a household that includes an elderly or disabled member*, the household's income (after the exclusions and deductions provided for in subsections (d) and (e)) exceeds the poverty line, as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), for the forty-eight contiguous States and the District of Columbia, Alaska, Hawaii, the Virgin Islands of the United States, and Guam, respectively; and

(2) *in the case of a household that does not include an elderly or disabled member*, the household's income (after the exclusions provided for in subsection (d) but before the deductions

provided for in subsection (e)) exceeds such poverty line by more than 30 per centum.

In no event shall the standards of eligibility for the Virgin Islands of the United States or Guam exceed those in the forty-eight contiguous States.

* * * * *

(d) Household income for purposes of the food stamp program shall include all income from whatever source excluding only (1) any gain or benefit which is not in the form of money payable directly ~~to a household, except as provided in subsection (k),~~ *to a household (except that any such gain or benefit that customarily is not in the form of money payable directly to the household (such as in-kind assistance or vendor payments) shall be excluded notwithstanding its conversion in whole or in part to direct payments to households pursuant to any demonstration project carried out or authorized under Federal law including demonstration projects created by the waiver of provisions of Federal law),* and except as provided in subsection (k), (2) any income in the certification period which is received too infrequently or irregularly to be reasonably anticipated, but not in excess of \$30 in a quarter, subject to modification by the Secretary in light of section 5(f) of this Act, (3) all educational loans on which payment is deferred, grants, scholarships, fellowships, veterans' educational benefits, and the like to the extent that they are used for tuition and mandatory school fees at an institution of post-secondary education or school for the handicapped, and to the extent loans include any origination fees and insurance premiums, (4) all loans other than educational loans on which repayment is deferred, (5) reimbursements which do not exceed expenses actually incurred and which do not represent a gain or benefit to the household: *Provided, That no portion of benefits provided under title IV-A of the Social Security Act [(42 U.S.C. 601 et seq.)], to the extent it is attributable to an adjustment for work-related or child care expenses (except for payments or reimbursements for such expenses made under an employment, education, or training program initiated under such title after the date of enactment of the Hunger Prevention Act of 1988) no portion of any non-Federal educational loan on which payment is deferred, grant, scholarship, fellowship, veterans' benefits, and the like that are provided for living expenses, and no portion of any Federal educational loan on which payment is deferred, grant, scholarship, fellowship, veterans' benefits, and the like to the extent it provides income assistance beyond that used for tuition and mandatory school fees, shall be considered such reimbursement,* (6) moneys received and used for the care and maintenance of a third-party beneficiary who is not a household member, (7) income earned by a child who is a member of the household, who is a student, and who has not attained his eighteenth birthday, (8) moneys received in the form of nonrecurring lump-sum payments, including, but not limited to, income tax refunds, rebates, or credits, cash donations based on need that are received from one or more private nonprofit charitable organizations, but not in excess of \$300 in the aggregate in a quarter, retroactive lump-sum social security or railroad retirement pension payments and retroactive lump-sum insurance

settlements: *Provided*, That such payments shall be counted as resources, unless specifically excluded by other laws, (9) the cost of producing self-employed income, but household income that otherwise is included under this subsection shall be reduced by the extent that the cost of producing self-employment income exceeds the income derived from self-employment as a farmer, (10) any income that any other Federal law specifically excludes from consideration as income for purposes of determining eligibility for the food stamp program except as otherwise provided in subsection (k) of this section, (11) any payments or allowances made **[under]**, *for the purpose of providing energy assistance*, (A) *under* any Federal law **[for the purpose of providing energy assistance]**, or (B) *under any [any]* State or local laws **[for the purpose of providing energy assistance]** designated by the State or local legislative body authorizing such payments or allowances as energy assistance, and determined by the Secretary to be calculated as if provided by the State or local government involved on a seasonal basis for an aggregate period not to exceed six months in any year even if such payments or allowances (including tax credits) are not provided on a seasonal basis because it would be administratively infeasible or impracticable to do so, (12) through September 30 of any fiscal year, any increase in income attributable to a cost-of-living adjustment made on or after July 1 of such fiscal year under title II or XVI of the Social Security Act (42 U.S.C. 401 et seq.), section 3(a)(1) of the Railroad Retirement Act of 1974 (45 U.S.C. 231b(a)(1)), or section 3112 of title 38, United States Code, if the household was certified as eligible to participate in the food stamp program or received an allotment in the month immediately preceding the first month in which the adjustment was effective, **[and (13)]** (13) at the option of a State agency and subject to subsection (m), child support payments that are excluded under section 402(a)(8)(A)(vi) of the Social Security Act (42 U.S.C. 602(a)(8)(A)(vi)), (14) *any payment made to the household under section 3507 of the Internal Revenue Code of 1986 (relating to advance payment of earned income credit)*, and (15) *any payment made to the household under section 6(d)(4)(I) for work related expenses or for dependent care*.

(e) In computing household income for purposes of determining eligibility and benefit levels for households containing an elderly or disabled member and determining benefit levels only for all other households, the Secretary shall allow a standard deduction of \$85 a month for each household, except that households in Alaska, Hawaii, Guam, and the Virgin Islands of the United States shall be allowed a standard deduction of \$145, \$120, \$170, and \$75, respectively. Such standard deductions shall be adjusted (1) on October 1, 1983, to the nearest lower dollar increment to reflect changes in the Consumer Price Index for all urban consumers published by the Bureau of Labor Statistics, for items other than food and the homeowners' costs and maintenance and repair component of shelter costs, as appropriately adjusted by the Bureau of Labor Statistics after consultation with the Secretary, for the fifteen months ending the preceding March 31, (2) on October 1, 1984, to the nearest lower dollar increment to reflect such changes for the fifteen months ending the preceding June 30, (3) on October 1, 1985, and October 1, 1986, to the nearest lower dollar increment to reflect

such changes for the twelve months ending the preceding June 30, and (4) on October 1, 1987, and each October 1 thereafter, to the nearest lower dollar increment to reflect changes in the Consumer Price Index for all urban consumers published by the Bureau of Labor Statistics, for items other than food, for the twelve months ending the preceding June 30. All households with earned income shall be allowed an additional deduction of 20 per centum of all earned income (other than that excluded by subsection (d) of this section), to compensate for taxes, other mandatory deductions from salary, and work expenses, except that such additional deduction shall not be allowed with respect to earned income that a household willfully or fraudulently fails (as proven in a proceeding provided for in section 6(b)) to report in a timely manner. Households, other than those households containing an elderly or disabled member, shall also be entitled, with respect to expenses other than expenses paid on behalf of the household by a third party *and expenses that are paid under section 6(d)(4)(I) for dependent care*, to (1) a dependent care deduction, the maximum allowable level of which shall be \$160 a month *for each dependent*, for the actual cost of payments necessary for the care of a dependent, regardless of dependent's age, when such care enables a household member to accept or continue employment, or training or education which is preparatory for employment and (2) an excess shelter expense deduction to the extent that the monthly amount expended by a household for shelter exceeds an amount equal to 50 per centum of monthly household income after all other applicable deductions have been allowed: *Provided*, That the amount of such excess shelter expense deduction shall not exceed \$164 a month in the forty-eight contiguous States and the District of Columbia, and shall not exceed, in Alaska, Hawaii, Guam, and the Virgin Islands of the United States \$285, \$234, \$199, and \$121 a month, respectively, adjusted on October 1, 1988, and on each October 1 thereafter, to the nearest lower dollar increment to reflect changes in the shelter, fuel, and utilities components of housing costs in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, as appropriately adjusted by the Bureau of Labor Statistics for consultation with the Secretary, for the twelve months ending the preceding June 30. In computing the excess shelter expense deduction under clause (2) of the preceding sentence, a State agency may use a standard utility allowance in accordance with regulations promulgated by the Secretary, except that a State agency may use an allowance which does not fluctuate within a year to reflect seasonal variations. An allowance for a heating or cooling expense may not be used for a household that does not incur a heating or cooling expense, as the case may be, or does incur a heating or cooling expense but is located in a public housing unit which has central utility meters and charges households, with regard to such expense, only for excess utility costs. No such allowance may be used for a household that shares such expense with, and lives with, another individual not participating in the food stamp program, another household participating in the food stamp program, or both, unless the allowance is prorated between the household and the other individual, household, or both. If a State agency elects to use a standard utility allowance that re-

flects heating or cooling costs, it shall be made available to households receiving a payment, or on behalf of which a payment is made, under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.) or other similar energy assistance program, provided that the household still incurs out-of-pocket heating or cooling expenses. A State agency may use a separate standard utility allowance for households on behalf of which such payment is made, but may not be required to do so. A State agency not electing to use a separate allowance, and making a single standard utility allowance available to households incurring heating or cooling expenses (other than households described in the sixth sentence of this subsection) may not be required to reduce such allowance due to the provision (direct or indirect) of assistance under the Low-Income Home Energy Assistance Act of 1981. For purposes of the food stamp program, assistance provided under the Low-Income Home Energy Assistance Act of 1981 shall be considered to be prorated over the entire heating or cooling season for which it was provided. A State agency shall allow a household to switch between any standard utility allowance and a deduction based on its actual utility costs at the end of any certification period and up to one additional time during each twelve-month period. Households containing an elderly or disabled member shall also be entitled, with respect to expenses other than expenses paid on behalf of the household by a third party, to—

(A) an excess medical expense deduction for that portion of the actual cost of allowable medical expenses, incurred by elderly or disabled members, exclusive of special diets, that exceed \$35 a month;

(B) dependent care deduction, the maximum allowable level of which shall be the same as that contained in clause (1) of the fourth sentence of this subsection, for the actual cost of payments necessary for the care of a dependent, regardless of the dependent's age, when such care enables a household member to accept or continue employment, or training or education that is preparatory for employment; and

(C) an excess shelter expense deduction to the extent that the monthly amount expended by a household for shelter exceeds an amount equal to 50 per centum of monthly household income after all other applicable deductions have been allowed. *State agencies shall offer eligible households a method of claiming a deduction for recurring medical expenses, that are initially verified, under the excess medical expense deduction provided for in subparagraph (A) in lieu of submitting information or verification on actual expenses on a monthly basis. The method described in the preceding sentence shall be designed to minimize the administrative burden for eligible elderly and disabled household members choosing to deduct their recurrent medical expenses pursuant to such method.*

(f)(1)(A) Household income for those households that, by contract for other than an hourly or piecework basis or by self-employment, derive their annual income in a period of time shorter than one year shall be calculated by averaging such income over a twelve-month period. *Notwithstanding the preceding sentence, household income resulting from the self-employment of a member in a farm-*

ing operation, who derives income from such farming operation, and who has irregular expenses to produce such income may, at the option of the household, be calculated by averaging such income and expenses over a 12-month period. Notwithstanding the [preceding] first sentence, if the averaged amount does not accurately reflect the household's actual monthly circumstances because the household has experienced a substantial increase or decrease in business earnings, the State agency shall calculate the self-employment income based on anticipated earnings.

(B) Household income for those households that receive nonexcluded income of the type described in subsection (d)(3) of this section shall be calculated by averaging such income over the period for which it is received.

[(2)(A) Household income for—

[(i) migrant farmworker households, and

[(ii) households—

[(I) that have no earned income, and

[(II) in which all adult members are elderly or disabled members,

shall be calculated on a prospective basis, as provided in paragraph (3)(A).

[(B) Household income for households that are permitted to report household circumstances at specified intervals less frequent than monthly under the first sentence of section 6(c)(1) of this Act, may, with the approval of the Secretary, be calculated by a State agency on a prospective basis, as provided in paragraph (3)(A) of this subsection.

[(C) Except as provided in subparagraphs (A) and (B), household income for households that have earned income and for households that include any member who has recent work history shall be calculated on a retrospective basis as provided in paragraph (3)(B).]

[(D) Household income for all other households may be calculated, at the option of the State agency, on a prospective basis as provided in paragraph (3)(A) or on the retrospective basis as provided in paragraph (3)(B).]

(2)(A) Households not required to submit monthly reports of their income and household circumstances under section 6(c)(1) shall have their income calculated on a prospective basis, as provided in paragraph (3)(A).

(B) Households required to submit monthly reports of their income and household circumstances under section 6(c)(1) shall have their income calculated on a retrospective basis, as provided in paragraph (3)(B), except that in the case of the first month, or at the option of the State the first and second months, in a continuous period in which a household is certified, the State agency shall determine the amount of benefits on the basis of the household's income and other relevant circumstances in such first or second month.

(g) The Secretary shall prescribe the types and allowable amounts of financial resources (liquid and nonliquid assets) an eligible household may own, and shall, in so doing, assure that a household otherwise eligible to participate in the food stamp program will not be eligible to participate if its resources exceed \$2,000, or, in the case of a household which consists of or includes a

member who is 60 years of age or older, if its resources exceed \$3,000. The Secretary shall, in prescribing inclusions in, and exclusions from, financial resources, follow the regulations in force as of June 1, 1982 (other than those relating to licensed vehicles and inaccessible resources), and shall, in addition, include in financial resources any boats, snowmobiles, and airplanes, used for recreational purposes, any vacation homes, any mobile homes used primarily for vacation purposes, any licensed vehicle (other than one used to produce earned income or that is necessary for transportation of a physically disabled household member and any other property, real or personal, to the extent that it is directly related to the maintenance or use of such vehicle) used for household transportation or used to obtain or continue employment to the extent that the fair market value of any such vehicle exceeds \$4,500 *through fiscal year 1988*, \$4,700 *in fiscal year 1989*, \$4,900 *in fiscal year 1990*, \$5,150 *in fiscal year 1991*, \$5,400 *in fiscal year 1992*, and \$5,500 *in fiscal year 1993 and thereafter*, and, regardless of whether there is a penalty for early withdrawal, any savings or retirement accounts (including individual accounts). The Secretary shall exclude from financial resources the value of a burial plot for each member of a household. *In the case of farm property (including land, equipment, and supplies) that is essential to the self-employment of a household member in a farming operation, the Secretary shall exclude from financial resources the value of such property until the expiration of the 1-year period beginning on the date such member ceases to be self-employed in farming. No household shall be rendered ineligible under this subsection by its failure to dispose of a resource used in farming operations whose liquidation would produce no funds in excess of any liens, mortgages, or other security interests or where the household's liquidation of the resource would be contrary to a legal duty.*

* * * * *

ELIGIBILITY DISQUALIFICATIONS

SEC. 6. [(7 U.S.C. 2015)] (a) In addition to meeting the standards of eligibility prescribed in section 5 of this Act, households and individuals who are members of eligible households must also meet and comply with the specific requirements of this section to be eligible for participation in the food stamp program. *Before terminating or disqualifying any person or household from participation in such program the State agency shall, where appropriate under regulations established by the Secretary, attempt to conciliate (by telephone, mail, or otherwise) the basis of the intended termination or disqualification with the person or household, except that conciliation need not be pursued if a recipient is found ineligible—*

(1) after having been found guilty of an intentional program violation as described in section 6(b);

(2) for being an ineligible student under section 6(e), an ineligible alien under section 6(f), or a recipient of supplemental security income benefits in a State providing supplementary payments as described in section 6(g);

(3) for having income in excess of the income eligibility limits established under section 5(b), or resources in excess of the resource eligibility limits established under section 5(g);

(4) for knowingly transferring assets in a manner prohibited by section 6(h); or

(5) under conditions as set forth in section 6(d)(3) for being on strike.

* * * * *

(c) No household shall be eligible to participate in the food stamp program if it refuses to cooperate in providing information to the State agency that is necessary for making a determination of its eligibility or for completing any subsequent review of its eligibility.

[(1) State agencies shall require households with respect to which household income is determined on a retrospective basis under section 5(f)(2)(C) of this Act to file periodic reports of household circumstances in accordance with standards prescribed by the Secretary, except that a State agency may, with the prior approval of the Secretary, select categories of households (including all such households) that may report at specified less frequent intervals on a showing by the State agency, which is satisfactory to the Secretary, that to require households in such categories to report monthly would result in unwarranted expenditures for administration of this subsection. The Secretary may permit State agencies to accept, as satisfying the requirement that households report at such specified less frequent intervals, (i) recertifications conducted in accordance with section 11(e)(4) of this Act, (ii) in-person interviews conducted during a certification period, (iii) written reports filed by households, or (iv) such other documentation or actions as the Secretary may prescribe. State agencies may require households, other than households with respect to which household income is required by section 5(f)(2)(A) to be calculated on a prospective basis, to file periodic reports of household circumstances in accordance with the standards prescribed by the Secretary under the preceding provisions of this paragraph. Each household that is not required to file such periodic reports on a monthly basis shall be required to report or cause to be reported to the State agency changes in income or household circumstances which the Secretary deems necessary in order to assure accurate eligibility and benefit determinations.]

(1)(A) A State agency may require certain categories of households to file periodic reports of income and household circumstances in accordance with standards prescribed by the Secretary, except that a State agency may not require periodic reporting by—

(i) households in which all adult members who are not elderly or disabled are migrant or seasonal farm workers;

(ii) households in which all members are homeless individuals; or

(iii) households that have no earned income and in which all adult members are elderly or disabled.

(B) Each household that is not required to file such periodic reports on a monthly basis shall be required to report or cause to be reported to the State agency changes in income or household circumstances that the Secretary considers necessary to assure accurate eligibility and benefit determinations.

(2) Any household required to file a periodic report under paragraph (1) of this subsection shall, (A) if it is eligible to participate and has filed a timely and complete report, receive its allotment, based on the reported information for a given month, within thirty days of the end of that month unless the Secretary determines that a longer period of time is necessary, (B) have available special procedures that permit the filing of the required information in the event all adult members of the household are mentally or physically handicapped or lacking in reading or writing skills to such a degree as to be unable to fill out the required forms, (C) have a reasonable period of time after the close of the month in which to file their reports on forms approved by the Secretary, [and] (D) be afforded prompt notice of failure to file any report timely or completely, and given a reasonable opportunity to cure that failure (with any applicable time requirements extended accordingly) and to exercise its rights under section 11(e)(10) of this Act, and (E) be provided each month (or other applicable period) with an appropriate, simple form for making the required reports of the household together with clear instructions explaining how to complete the form and the rights and responsibilities of the household under any periodic reporting system.

* * * * *

(d)(1) Unless * * *

(2) A person * * *

(3) Notwithstanding * * *

(4)(A) Not later than April 1, 1987, each State agency shall implement an employment and training program designed by the State agency and approved by the Secretary for the purpose of assisting members of households participating in the food stamp program in gaining skills, training, or experience that will increase their ability to obtain regular employment.

(B) For purposes of this Act, an "employment and training program" means a program that contains one or more of the following components:

(i) Job search programs with terms and conditions comparable to those prescribed in subparagraphs (A) and (B) of section 402(a)(35) of part A of title IV of the Social Security Act [(42 U.S.C. 602(a)(35)(A) and (B))], except that the State agency shall [have no obligation to incur costs exceeding \$25 per participant per month, as provided in subparagraph (B)(vi), and the State agency shall] retain the option to apply employment requirements prescribed under this clause to program applicants at the time of application.

* * * * *

(v) *High school or equivalent educational (combined with training when appropriate) programs.*

(vi) Remedial educational programs directed towards the achievement of a basic literacy level.

(vii) Instructional programs in English as a second language.

(viii) On-the-job-training programs.

(ix) Job readiness activity programs to help prepare participants for employment.

[(v)] (x) As approved by the Secretary, or the State under regulations issued by the Secretary, other employment, educational and training activity programs, projects, and experiments, such as a supported work program, aimed at accomplishing the purpose of the employment and training program.

* * * * *

(H)(i) The State agency may make an initial assessment of the educational and employment skills of each participant in the program and may conduct a review of such participant's circumstances. On the basis of such assessment and review, such agency may develop an employability plan for each such participant.

(ii) In assigning participants to any program activity the State agency shall take into account the physical capacity, skills, experience, health and safety, family responsibilities, and place of residence of such participant, and shall not require the participant, without the consent of such participant, to travel an unreasonable distance from the home of such participant or remain away from such home overnight. The State agency may base the assignment on available resources, the participant's circumstances, and local employment opportunities.

(iii) The Secretary shall issue regulations under which each State agency shall establish a conciliation procedure for the resolution of disputes involving the participation of an individual in the program and (if such a dispute is not resolved through conciliation) provide an opportunity for a hearing concerning such dispute. Such a hearing may be provided through a hearing process established for purposes of resolving disputes with respect to the program established under this subsection.

(iv) Federal funds made available to a State agency for purposes of the program authorized under this subsection shall not be used to supplant non-Federal funds used for existing services and activities that promote the purposes of this section. State or local funds expended for such purposes shall be maintained at least at the level of such expenditures for fiscal year 1987.

[[H)](I) The State agency shall reimburse participants in programs carried out under this paragraph, including those participating under subparagraph (G), for the actual costs of transportation, and other actual costs, that are reasonably necessary and directly related to participation in the program, except that the State agency may limit such reimbursement to each participant to \$25 per month.]

(I)(i) The State agency shall provide payments or reimbursements to participants in programs carried out under this paragraph, including individuals participating under subparagraph (G), for—

(I) the actual costs of transportation and other actual costs (other than dependent care costs) that the State agency deter-

mines are necessary to enable such individual to participate in the program; and

(II) the actual costs of such dependent care expenses that are determined by the State agency to be necessary for the participation of an individual in the program (other than an individual who is the caretaker relative of a dependent in a family receiving benefits under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) in a local area where an employment, training, or education program under title IV of such Act is in operation), but in no event shall such payment or reimbursements exceed \$160 per dependent per month, except that the State agency may raise such maximum level to the maximum level set by the State agency under title IV-A of the Social Security Act for reimbursement of child care expenses for individuals participating in an employment, education or training program under such title.

(ii) In lieu of providing reimbursements or payments for dependent care expenses under clause (i), a State agency may, at its option, arrange for dependant care through providers by the use of purchase of service contracts or vouchers or by providing vouchers to the household.

(iii) The value of any dependent care services provided for or arranged under clause (ii), or any amount received as a payment or reimbursement under clause (i), shall—

(I) not be treated as income for the purposes of any other Federal or Federally-assisted program that bases eligibility for, or the amount of benefits on, need; and

(II) not be claimed as an employment-related expense for the purposes of the credit provided under section 21 of the Internal Revenue Code of 1986.

[(I)](J) The Secretary shall promulgate guidelines that (i) enable State agencies, to the maximum extent practicable, to design and operate an employment and training program that is compatible and consistent with similar programs operated within the State, and (ii) ensure, to the maximum extent practicable, that employment and training programs are provided for Indians on reservations.

[(J)](K)(i) For any fiscal year, the Secretary shall establish performance standards for each State that, in the case of persons who are subject to employment requirements under this section and who are not exempt under subparagraph (D), designate the minimum percentages (not to exceed 50 percent through September 30, 1989) of such persons that State agencies shall place in programs under this paragraph. Such standards need not be uniform for all the States, but may vary among the several States. The Secretary shall consider the cost of the States in setting performance standards and the degree of participation in programs under this paragraph by exempt persons.

[(ii)] In making any determination as to whether a State agency has met a performance standard under clause (i), the Secretary shall—

[(I)] consider the extent to which persons have elected to participate in programs under this paragraph;

[(II) consider such factors as placement in unsubsidized employment, increases in earnings, and reduction in the number of persons participating in the food stamp program; and

[(III) consider other factors determined by the Secretary to be related to employment and training.

[(iii) The Secretary shall vary the performance standards established under clause (i) according to differences in the characteristics of persons required to participate and the type of program to which the standard is applied.

[(iv) The Secretary may delay establishing performance standards for up to 18 months after national implementation of the provisions of this paragraph, in order to base performance standards on State agency experience in implementing this paragraph.]

(K)(i) The Secretary shall establish, in accordance with this subparagraph, performance standards that are applicable to employment and training programs carried out under this paragraph.

(ii) The performance standards referred to in clause (i) shall be developed by the Secretary after consultation with the Secretary of Labor, the Secretary of Health and Human Services, appropriate State officials designated for purposes of this clause by the chief executive officer of the States, other appropriate experts, and representatives of households participating in the food stamp program. Such performance standards (which shall be coordinated with the corresponding performance standards under the Job Training Partnership Act and the performance standards under title IV of the Social Security Act, taking into consideration the differing characteristics of such households)—

(I) shall be measured by employment outcomes and shall be based on the degree of success that may reasonably be expected of States (in carrying out employment and training programs) in helping individuals to achieve self-sufficiency;

(II) shall take into account the extent to which persons have elected to participate in employment and training programs under this paragraph, job placement rates, wage rates, job retention rates, households ceasing to need benefits under this Act, improvements in household members' educational levels, and the extent to which household members are able to obtain jobs for which they receive health benefits;

(III) shall encourage States to serve those individuals who have greater barriers to employment and thus have greater difficulties in achieving self-sufficiency; and

(IV) shall include guidelines permitting appropriate variations that take into account the differing conditions (including unemployment rates and rates of elective participation under subparagraph (G) in employment and training programs under this paragraph) that may exist in different States.

(iii) Proposed measures for the performance standards referred to in clause (i) shall be published by the Secretary not later than 1 year after the date of the enactment of the Hunger Prevention Act of 1988. The performance standards shall be established and implemented not later than October 1, 1990.

(iv) The performance standards developed and issued under clause (ii) shall be varied in any State, to the extent permitted under clause (ii)(IV), to the extent necessary to take into account specific

economic, geographic, and demographic factors in the State, the characteristics of the population to be served, and the types of services to be provided.

[(K)](L)(i) The Secretary shall ensure that State agencies comply with the requirements of this paragraph and section 11(e)(22).

(ii) If the Secretary determines that a State agency has failed, without good cause, to comply with such a requirement, including any failure to meet a performance standard under subparagraph (J), the Secretary may withhold from such State, in accordance with section 16 (a), (c), and (h), such funds as the Secretary determines to be appropriate, subject to administrative and judicial review under section 14.

[(L)](M) The facilities of the State public employment offices and agencies operating programs under the Job Training Partnership Act [29 U.S.C. 1501 et seq.] may be used to find employment and training opportunities for household members under the programs under this paragraph.

(N)(i) Upon the application and approval by the Secretary of a tribal organization, that exercises governmental jurisdiction over a Federally recognized Indian reservation, to conduct an employment and training program to carry out the purpose of this section, the maximum amount that may be paid by the Secretary under section 16(h)(1) for purposes of the program authorized by this subsection to the State in which the reservation of such tribe is located shall be reduced by the Secretary in accordance with clause (ii) and an amount equal to the amount of such reduction shall be paid directly to such tribal organization (without the requirement of any non-Federal share) for the operation of its employment and training program on or near the Federally recognized Indian reservation.

(ii) The maximum amount of the reduction under clause (i) with respect to any State in which a tribal organization is located with an application approved under such clause shall be an amount equal to the amount that bears the same ratio to the maximum amount that could be paid under this subsection to the State as the average monthly number of the adult members of Indian tribes represented by such tribal organization, who live on such Federally recognized Indian reservation over which the tribal organization exercises governmental jurisdiction, bears to the number of all adult individuals in the State receiving food stamps.

(iii) The employment and training program set forth in the application of a Tribe or organization under clause (i) need not meet any requirement of the program under this section that the Secretary determines is inappropriate with respect to the application of such employment and training program on the reservation.

(iv) The employment and training program of any tribal organization may be terminated voluntarily by such organization or may be terminated by the Secretary on a finding that the tribe is not conducting such program in substantial conformity with the terms of the application approved by the Secretary, and the maximum amount that may be paid under this subsection to the State within which the tribal organization is located (as reduced pursuant to clause (i)) shall be increased by any portion of the amount retained by the Secretary with respect to such program (and not payable to

such tribal organization for obligations already incurred). The reduction under clause (i) shall in no event apply to a State for any fiscal year beginning after such program is terminated if no other such program remains in operation in the State.

(v) For purposes of this subsection, the term tribal organization shall have the same meaning given such term in section 3(p) and shall include any organized group of Alaska Natives (Alaska Natives tribal organization) eligible to operate a Federal program under P.L. 93-638, or such group's designee, and tribal organizations in the State of Oklahoma recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

(vi) For purposes of this subsection, the term Federally recognized Indian reservation includes former Indian reservations in Oklahoma, and includes the geographical regions, established pursuant to section 7(a) of the Alaska Natives Claims Settlement Act, within which an Alaskan Native tribal organization is located (without regard to the ownership of the land within the boundaries.)

(vii) Notwithstanding any other provisions of this subsection, the Secretary shall issue procedures to authorize employment, training and education programs for Alaskan Natives, in which not more than one Alaska Native tribal organization in each of the twelve geographical regions established pursuant to section 7(a) of the Alaska Native Claims Settlement Act, can administer such program.

(viii) Any Alaska Native, otherwise eligible or required to participate in a work, education, and training program, residing within the boundaries of an Alaska Native organization whose application has been approved by the Secretary, shall be eligible to participate in the work, education, and training program administered by such Alaska Native organization."

(ix) Nothing in this subsection shall be construed to grant or defer any status or powers other than those expressly granted in this subsection or to validate or invalidate any claims by Alaska Natives of sovereign authority over lands or people."

(x) If the Secretary approves an Alaska Native organization's application, the maximum amount that may be paid under section 16(h)(1) to the State in which such tribe or Alaska Native organization is located shall be reduced by the Secretary in accordance with subparagraph (xi) and an amount equal to the amount of such reduction shall be paid directly to such Alaska Native organization (without the requirement of any nonfederal share) of the operation of its work, training and education program. In determining whether to approve an application from an Alaska Native organization, the Secretary shall consider whether approval of the application would promote the efficient and nonduplicative administration of work, education, and training programs in the State.

(xi) The amount of the reduction under subparagraph (x), with respect to any State in which is located an Indian tribe or Alaska Native organization with an application approved under such paragraph shall be an amount equal to the amount that bears the same ratio to the maximum amount that could be paid under section 16(h)(1) to the State as the number of adult Alaska Natives receiving food stamps who reside within the boundaries of such Alaska

Native organization bears¹ to the number of all such adult recipients in the State of Alaska.

(xii) The work, training and education program set forth in the application of an Indian tribe or Alaska Native organization under subparagraph (x) need not meet any requirement of that program under this section that the Secretary determines is inappropriate with respect to such work, training, and education program.

(xiii) The work, training, and education program of any Alaska Native organization may be terminated voluntarily by such tribe or Alaska Native organization or may be terminated by the Secretary upon a finding that the tribe or Alaska Native organization is not conducting such program in substantial conformity with the terms of the application approved by the Secretary, and the maximum amount that may be paid under section 16(h)(1) to the State within which the tribe or Alaska Native organization is located (as reduced pursuant to subparagraph (x)) shall be increased by any portion of the amount retained by the Secretary with respect to such program (and not payable to such tribe or Alaska Native organization for obligations already incurred). The reduction under subparagraph (x) shall in no event apply to a State for any fiscal year beginning after such program is terminated if no other such program remains in operation in the State.

ISSUANCE AND USE OF COUPONS

SEC. 7. [(7 U.S.C. 2016)] * * *

* * * * *

(h) [(1)] The State agency may implement a procedure for staggering the issuance of coupons to eligible households throughout the entire month: *Provided*, That the procedure ensures that, in the transition period from other issuance procedures, no eligible household experiences an interval between coupon issuances of more than 40 days, either through regular issuances by the State agency or through supplemental issuances.

[(2)] For any eligible household that applies for participation in the food stamp program during the last fifteen days of a month and is issued benefits within that period, coupons shall be issued for the first full month of participation by the eighth day of the first full month of participation. **]**

VALUE OF ALLOTMENT

SEC. 8. [(7 U.S.C. 2017)] (a) The value of the allotment which State agencies shall be authorized to issue to any households certified as eligible to participate in the food stamp program shall be equal to the cost to such households of **[the thrifty food plan]** 79 percent of the low cost food plan during the period beginning January 1, 1989, and ending September 30, 1989, 79.5 percent of the low cost food plan during fiscal year 1990, and 80 percent of the low cost food plan during fiscal year 1991 and each fiscal year thereafter, to be rounded to the nearest lower dollar increment for each household size during each such period, reduced by an amount equal to 30 percent of the household's income, as determined in accordance with section 5 (d) and (e) of this Act, rounded to the nearest lower

whole dollar: *Provided*, That for households of one and two persons the minimum allotment shall be \$10 per month.

(b) The value of the allotment provided any eligible household shall not be considered income or resources for any purpose under any Federal, State, or local laws, including, but not limited to, laws relating to taxation, welfare, and public assistance programs, and no participating State or political subdivision thereof shall decrease any assistance otherwise provided an individual or individuals because of the receipt of an allotment under this Act.

(c)(1) The value of the allotment issued to any eligible household for the initial month or other initial period for which an allotment is issued shall have a value which bears the same ratio to the value of the allotment for a full month or other initial period for which the allotment is issued as the number of days (from the date of application) remaining in the month or other initial period for which the allotment is issued bears to the total number of days in the month or other initial period for which the allotment is issued, except that no allotment may be issued to a household for the initial month or period if the value of the allotment which such household would otherwise be eligible to receive under this subsection is less than \$10. (2) As used in this subsection, the term "initial month" means [(1)] (A) the first month for which an allotment is issued to a household, and [(2)] (B) the first month for which an allotment is issued to a household [following any period] that applies following any period of more than 30 days in which such household was not participating in the food stamp program under this Act after previous participation in such program.

(3) *An eligible household applying after the 15th day of the month shall receive, in lieu of its initial allotment and its regular allotment for the following month or period, an allotment that is the aggregate of the initial allotment and the first regular allotment, which shall be provided in accordance with paragraphs (3) and (9) of section 11(e).*

ADMINISTRATION

SEC. 11. [(7 U.S.C. 2020)] (a) * * *

* * * * *

(e) The State plan of operation required under subsection (d) of this section shall provide, among such other provisions as may be required by regulation—

(1) that the State agency shall [(A) not conduct food stamp outreach activities with funds provided under this Act except, at the option of the State agency, food stamp informational activities directed at homeless individuals; and] (A) *at the option of the State agency, inform low-income households about the availability, eligibility requirements, application procedures, and benefits of the food stamp program; and* (B) use appropriate bilingual personnel and printed material in the administration of the program in those portions of political subdivisions in the State in which a substantial number of members of low-income households speak a language other than English;

(2) that each household which contacts a food stamp office in person during office hours to make what may reasonably be in-

terpreted as an oral or written request for food stamp assistance shall receive and shall be permitted to file, on the same day that such contact is first made, a simplified, uniform national application form for participation in the food stamp program designed by the Secretary, unless the Secretary approves a deviation from that form by a particular State agency because of the use by that agency of a dual public assistance food stamp application form pursuant to subsection (i) of this section, the requirements of an agency's computer system, or other exigencies as determined by the Secretary, *and in approving such deviation, the Secretary takes into account whether such State forms are easy to use, brief and readable. In consultation with the Secretary of Health and Human Services, the Secretary shall develop a program to provide assistance to States that request assistance in the development of brief, simply-written and readable application forms including application forms that cover the food stamp program, the aid to families with dependent children program under part A of title IV of the Society Security Act (42 U.S.C. 601 et seq.), and medical assistance programs administered by the Secretary of Health and Human Services under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.). Each application form shall contain, in plain and prominent language on its front cover, a place where applicants can write their names, address, and signatures, and instructions in understandable terms informing household of their right to file the application without immediately completing additional sections, describing the expedited processing requirements of section 11(e)(9) and informing households that benefits are provided only from the date of application.* Each application form shall contain a description in understandable terms in prominent and boldface lettering of the appropriate civil and criminal provisions dealing with violations of this Act, including the penalties therefor, by members of an eligible household. Each application shall also contain in understandable terms and in prominent and boldface lettering a statement that the information provided by the applicant in connection with the application for a coupon allotment will be subject to verification by Federal, State, and local officials to determine if such information is factual and that if any material part of such information is incorrect, food stamps may be denied to the applicant, and that the applicant may be subjected to criminal prosecution for knowingly providing incorrect information. The State agency shall comply with the standards established by the Secretary for telephone contact by, mail delivery of forms to and mail return of forms by, and subsequent home or telephone interview with, the elderly, physically or mentally handicapped, and persons otherwise unable, solely because of transportation difficulties and similar hardships, to appear in person at a certification office or through a representative pursuant to paragraph (7) of this subsection, so that such persons may have an adequate opportunity to be certified properly; One adult member of a household that is applying for a coupon allotment shall be required to certify in writing, under penalty of perjury, the truth of the information con-

tained in the application for the allotment. The State agency shall provide a method of certifying and issuing coupons to eligible households that do not reside in permanent dwellings or who do not have fixed mailing addresses. In carrying out the preceding sentence, the State agency shall take such steps as are necessary to ensure that participation in the food stamp program is limited to eligible households.

(3) that the State agency shall thereafter promptly determine the eligibility of each applicant household by way of verification of income other than that determined to be excluded by section 5(d) of this Act (in part through the use of the information, if any, obtained under section 16(e) of this Act), household size (in any case such size is questionable), and such other eligibility factors as the Secretary determines to be necessary to implement sections 5 and 6 of this Act, although the State agency may verify prior to certification, whether questionable or not, the size of any applicant household and such other eligibility factors as the State agency determines are necessary, so as to complete certification of and provide an allotment retroactive to the period of application to any eligible household not later than thirty days following its filing of an application and that the State agency shall provide the household, at the time of each certification and recertification, with a statement describing the reporting responsibilities of the household under this Act, and provide a toll-free or local telephone number, or a telephone number at which collect calls will be accepted by the State agency, with which the household may reach an appropriate representative of the State agency for a reasonable period of time each business day to report changes in circumstances or to obtain program information. The State agency shall inform the household of the hours such telephone number is available, and that the State agency shall—

(A) provide each applicant household, at the time of application, a clear written statement explaining what acts the household must perform to cooperate in obtaining verification and otherwise completing the application process;

(B) assist each application household in obtaining appropriate verification and completing the application process;

(C) not require any household to submit additional proof of a matter on which the State agency already has current verification as determined under regulations issued by the Secretary, unless the State agency has reason to believe that the information possessed by the agency is inaccurate, incomplete, or inconsistent;

(D) subject to subparagraph (E), not deny any application for participation under this program solely because of the failure of a person outside the household to cooperate (other than an individual failing to cooperate who would otherwise be a household member but for the operation of any of the individual disqualification provisions of subsections (b), (d), (e), (f), and (g) of section (6)); and

(E) process applications, by taking appropriate steps to verify information otherwise required to be verified under this Act.

* * * * *

(5) the specific standards to be used in determining the eligibility of applicant households which shall be in accordance with sections 5 and 6 of this Act and shall include no additional requirements imposed by the State agency *and the standards that permit applicants and recipients to have reasonable access to State agency employees who undertake the certification of such households, in person and by telephone, so that applicants and recipients are readily able to contact appropriate employees at the certification office or have an opportunity to report changes in circumstances that shall be promptly acted on by the appropriate employees.*

(6) that (A) the State agency shall undertake the certification of applicant households in accordance with the general procedures prescribed by the Secretary in the regulations issued pursuant to this Act; (B) the State agency personnel utilized in undertaking such certification shall be employed in accordance with the current standards for a Merit System of Personnel Administration or any standards later prescribed by the United States Civil Service Commission pursuant to section 208 of the Intergovernmental Personnel Act of 1970 [(42 U.S.C. 4728)] modifying or superseding such standards relating to the establishment and maintenance of personnel standards on a merit basis; [and (C)] (C) the State agency shall [undertake to] provide a continuing, comprehensive program of training for all personnel undertaking such certification *so that eligible households are promptly and accurately certified to receive the allotments to which they are entitled under this Act;* (D) the State agency, at its option, may undertake intensive training to ensure that State agency personnel who undertake the certification of households that include a member who is self-employed or who engages in farming are qualified to perform such certification; and (E) the State agency, at its option, may provide, or contract for the provision of, training and assistance to persons working with volunteer or non-profit organizations that provide program information activities and eligibility screening to persons potentially eligible for food stamps.

* * * * *

(21) that the State agency shall establish a system and take action on a periodic basis to verify and otherwise assure that an individual does not receive coupons in more than one jurisdiction within the State; [and]

(22) the plans of the State agency for carrying out employment and training programs under section 6(d)(4), including the nature and extent of such programs, the geographic areas and households to be covered under such program, and the basis, including any cost information, for exemptions of categories and individuals and for the choice of employment and training program components reflected in the plans.

(23) in a project area in which 5,000 or more households participate in the food stamp program, for the establishment and operation of a unit for the detection of fraud in the food stamp program, including the investigation, and assistance in the prosecution of such fraud; **[and]**

(24) that each town or community of more than 5,000 persons that is more than 30 miles away from the certification office designated to serve such town or community shall be visited on a regularly scheduled basis (but in no event less often than twice a month with the time and place of such visits to be publicized in the affected areas) by a certification worker who shall accept applications for participation, conduct interviews, accept verification, and provide other client services that can be performed conveniently outside the office, unless such town or community is served by the State agency in some other manner designed to provide reasonable access to the food stamp program, including compliance with subsection (q); and

[(24)] (25) at the option of the State, for procedures necessary to obtain payment of uncollected overissuance of coupons from unemployment compensation pursuant to section 13(c).

(i) Notwithstanding any other provision of law, the Secretary and the Secretary of Health and Human Services shall develop a system by which (1) a single interview shall be conducted to determine eligibility for the food stamp program and the aid to families with dependent children program under part A of title IV of the Social Security Act [(42 U.S.C. 601 et seq.)]; (2) households in which all members are applicants for or recipients of supplemental security income shall be informed of the availability of benefits under the food stamp program and be assisted in making a simple application to participate in such program at the social security office and be certified for eligibility utilizing information contained in files of the Social Security Administration; (3) households in which all members are included in a federally aided public assistance or State or local general assistance grant shall have their application for participation in the food stamp program contained in the public assistance or general assistance application form; and (4) new applicants, as well as households which have recently lost or been denied eligibility for public assistance or general assistance, shall be certified for participation in the food stamp program based on information in the public assistance or general assistance case file to the extent that reasonably verified information is available in such case file. **[Each State agency shall implement clauses (1) and (2) and may implement clause (3) or (4), or both such clauses.]** *In addition to implementing paragraphs (1) through (4), the State agency shall inform applicants for benefits under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) that such applicants may file, along with their application for such benefits, and based on a joint interview for food stamps and for benefits under part A of title IV of the Social Security Act, an application for benefits under this Act. No household shall have its application to participate in the food stamp program denied nor its benefits under the food stamp program terminated solely on the basis that its application to participate has been denied or its benefits have been terminated under any of the programs carried out under the stat-*

utes specified in the second sentence of section 5(a) and without a separate determination by the State agency that the household fails to satisfy the eligibility requirements for participation in the food stamp program.

* * * * *

(p) *When a State agency learns, through its own reviews under section 16 or through other reviews, through reviews conducted by the Secretary, or through other sources, that it has improperly denied, terminated, or underissued benefits to an eligible household, the State agency shall promptly restore any improperly denied benefits to the extent required by sections 11(e)(11) and 14(b), and shall take other steps to prevent a recurrence of such errors where such error was caused by the application of State agency practices, rules or procedures inconsistent with the requirements of this Act or with regulations or policies of the Secretary issued under the authority of this Act.*

(q) *The State plan of operation described in subsection (d) shall include a procedure for designating project areas or parts of project areas that are rural and in which low-income persons face substantial difficulties in obtaining transportation. Each State shall designate such areas according to its approved procedures, and in each area so designated:*

(1) *All persons contacting certification offices serving those areas during regular business hours shall be informed that the household may be certified to receive food stamps without an in-office interview if appearing for such an interview would create a hardship. In cases in which an in-office interview would create a hardship, the State agency shall interview the household by telephone, in its home, or at another location convenient to the household.*

(2) *The State agency shall issue coupons by mail or otherwise directly deliver benefits to all eligible household with mail losses exceeding levels established by the Secretary shall not be entitled to such a mailing and the State agency shall not issue coupons by mail in those localities within such area where the mail loss rates exceed standards set by the Secretary.*

ADMINISTRATIVE COST-SHARING AND QUALITY CONTROL

SEC. 16 [(7 U.S.C. 2025)] (a) The Secretary is authorized to pay to each State agency an amount equal to 50 per centum of all administrative costs involved in each State agency's operation of the food stamp program, which costs shall include, but not be limited to, the cost of (1) the certification of applicant households, (2) the acceptance, storage, protection, control, and accounting of coupons after their delivery to receiving points within the State, (3) the issuance of coupons to all eligible households, (4) food stamp informational activities [permitted] *including those undertaken* under section 11(e)(1)(A), and (5) fair hearings: *Provided*, That the Secretary is authorized to pay each State agency an amount not less than 75 per centum of the costs of State food stamp program investigations and prosecutions, and is further authorized at the Secretary's discretion to pay any State agency administering the food stamp program on all or part of an Indian reservation under section 11(d) of this Act

such amounts for administrative costs as the Secretary determines to be necessary for effective operation of the food stamp program, as well as to permit each State to retain 50 per centum of the value of all funds or allotments recovered or collected pursuant to subsections (b)(1) and (c) of section 13 and 25 per centum of the value of all funds or allotments recovered or collected pursuant to section 13(b)(2) of this Act, except the value of funds or allotments recovered or collected pursuant to section 13(b)(2) which arise from an error of a State agency. The officials responsible for making determinations of ineligibility under this Act shall not receive or benefit from revenues retained by the State under the provisions of this subsection.

(b) The Secretary shall (1) establish standards for the efficient and effective administration of the food stamp program by the States, including standards for *State agency review (including consultation with the public and appropriate public officials) of plans for the closing or relocation of offices of the State agency so that potential adverse effects of such plans on the access of eligible persons to the food stamp program are examined (with special emphasis on the needs of low-income people in rural areas, the elderly, the disabled, and the homeless) and adequate plans for minimizing any adverse impact before offices are moved or relocated are prepared and implemented, and standards for the periodic review of the hours that food stamp offices are open during the day, week, or month to ensure that employed individuals are adequately served by the food stamp program, and (2) instruct each State to submit, at regular intervals, reports which shall specify the specific administrative actions proposed to be taken and implemented in order to meet the efficiency and effectiveness standards established pursuant to clause (1) of this subsection.*

* * * * *

(h)(1) The Secretary * * *

* * * * *

(3) The Secretary shall also reimburse each State agency in an amount equal to 50 per centum of the total amount of payments made or costs incurred by the State agency [in connection with transportation costs and other expenses reasonably necessary and directly related to participation in an employment and training program under section 6(d)(4), except that such total amount shall not exceed an amount representing \$25 per participant per month] *under section 6(d)(4)(I) and such reimbursement shall not be made out of funds allocated under paragraph (1).*

* * * * *

(6) *The Secretary shall develop, and transmit to the Committee on Agriculture of the House Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, a proposal for modifying the rate of Federal payments under this subsection so as to reflect the relative effectiveness of the various States in carrying out employment and training programs under section 6(d)(4).*

* * * * *

[(h)] (j) The Secretary is authorized to pay to each State agency an amount equal to 100 per centum of the costs incurred by the State agency in implementing and operating the immigration status verification system described in section 1137(d) of the Social Security Act.

* * * * *

(k) *Not later than 180 days after the date of the enactment of the Hunger Prevention Act of 1988, and annually thereafter, the Secretary shall publish instructional materials specifically designed to be used by the State agency to provide intensive training to State agency personnel who undertake the certification of households that include a member who is self-employed or who engages in farming.*

SEC. 21. DEMONSTRATION OF FAMILY INDEPENDENCE PROGRAM.

[(7 U.S.C. 2030)] (a) IN GENERAL.—Upon written application of the State of Washington (in this section referred to as the "State") and after the approval of such application by the Secretary, the State may conduct a Family Independence Demonstration Project (in this section referred to as the "Project") in all or in part of the State in accordance with this section to determine whether the Project, as an alternative to providing benefits under the food stamp program, would more effectively break the cycle of poverty and would provide families with opportunities for economic independence and strengthened family functioning.

(b) NATURE OF PROJECT. * * *

* * * * *

(C)(i) The State may provide a standard benefit for food assistance under the Project, except that individuals who participate in the Project shall receive as food assistance for a month an amount of cash that is not less than the value of the assistance such individuals would otherwise receive under the food stamp program.

(ii) The State may provide a cash benefit for food assistance equal to the value of the [thrifty food plan] 79 percent of the low cost food plan during the period beginning January 1, 1989, and ending September 30, 1989, 79.5 percent of the low cost food plan during fiscal year 1990, and 80 percent of the low cost food plan during fiscal year 1991 and each fiscal year thereafter, to be rounded to the nearest lower dollar increment for each household size during each such period.

CHILD NUTRITION ACT OF 1966

SCHOOL BREAKFAST PROGRAM AUTHORIZATION

SEC. 4. [(42 U.S.C. 1773)] (a) There is * * *

* * * * *

(3) The Secretary shall increase by [3 cents] 6 cents the annually adjusted payment for each breakfast served under this Act and section 17 of the National School Lunch Act (42 U.S.C. 1766). These funds shall be used to assist States, to the extent feasible, in improving the nutritional quality of the breakfasts.

SPECIAL SUPPLEMENTAL FOOD PROGRAM

SEC. 17. [(42 U.S.C. 1786)] (a) Congress finds * * *

* * * * *

(b) As used in this section—

(1) "Breastfeeding woman" means women up to one year postpartum who are breastfeeding their infants.

(2) "Children" means persons who have had their first birthday but have not yet attained their fifth birthday.

(3) "Competent professional authority" means physicians, nutritionists, registered nurses, dietitians, or State or local medically trained health officials, or persons designated by physicians or State or local medically trained health officials, in accordance with standards prescribed by the Secretary, as being competent professionally to evaluate nutritional risk.

(4) "Costs for nutrition services and administration" means costs that shall include, but not be limited to, costs of certification of eligibility of person for participation in the program (including centrifuges, measuring boards, spectrophotometers, and scales used for the certification), food delivery, monitoring, nutrition education, outreach, startup costs, and general administration applicable to implementation of the program under this section, such as the costs of staff, transportation, insurance, developing and printing food instruments and administration of State and local agency offices.

(5) "Homeless individual" means—

(A) *an individual who lacks a fixed and regular nighttime residence; or*(B) *an individual who has a primary nighttime residence that is—*(i) *a supervised publicly or privately operated shelter (including a welfare hotel or congregate shelter) designed to provide temporary living accommodations;*(ii) *an institution that provides a temporary residence for individuals intended to be institutionalized;*(iii) *a temporary accommodation in the residence of another individual; or*(iv) *a public or private place not designed for, or ordinarily used as, a sleeping accommodation for human beings.*

[(5)] (6) "Infants" means persons under one year of age.

[(6)] (7) "Local agency" means a public health or welfare agency or a private nonprofit health or welfare agency, which, directly or through an agency or physician with which it has contracted, provides health services. The term shall include an Indian tribe, band, or group recognized by the Department of the Interior, the Indian Health Service of the Department of Health and Human Services, or an intertribal council or group that is an authorized representative of Indian tribes, bands, or groups recognized by the Department of the Interior.

[(7)] (8) "Nutrition education" means individual or group sessions and the provision of materials designed to improve health status that achieve positive change in dietary habits,

and emphasize relationships between nutrition and health, all in keeping with the individual's personal, cultural, and socioeconomic preferences.

[(8)] (9) "Nutritional risk" means (A) detrimental or abnormal nutritional conditions detectable by biochemical or anthropometric measurements, (B) other documented nutritionally related medical conditions, (C) dietary deficiencies that impair or endanger health, or (D) conditions that predispose persons to inadequate nutritional patterns or nutritionally related medical conditions, including, but not limited to, alcoholism and drug addiction.

[(9)] (10) "Plan of operation and administration" means a document that describes the manner in which the State agency intends to implement and operate the program.

[(10)] (11) "Postpartum women" means women up to six months after termination of pregnancy.

[(11)] (12) "Pregnant women" means women determined to have one or more fetuses in utero.

[(12)] (13) "Secretary" means the Secretary of Agriculture.

[(13)] (14) "State agency" means the health department or comparable agency of each state: an Indian tribe, band, or group recognized by the Department of the Interior, an intertribal council or group that is the authorized representative of Indian tribes, bands, or groups recognized by the Department of the Interior, or the Indian Health Service of the Department of Health and Human Services.

[(14)] (15) "Supplemental foods" means those foods containing nutrients determined by nutritional research to be lacking in the diets of pregnant breastfeeding, and postpartum women, infants, and children, as prescribed by the Secretary. State agencies may, with the approval of the Secretary, substitute different foods providing the nutritional equivalent of foods prescribed by the Secretary, to allow for different cultural eating patterns.

* * * * *

(d)(1) Participation in * * *

* * * * *

(5) *An application for participation in the program authorized under this section shall not be denied solely because such applicant is considered to be a homeless individual (as defined in subsection (b)(5)), or because such applicant has no fixed permanent address or mailing address, as long as the applicant is otherwise eligible to receive benefits under the program authorized under this section.*

* * * * *

(f)(1)(A) Each State agency shall submit annually to the Secretary, by a date specified by the Secretary, a plan of operation and administration for a fiscal year.

(B) To be eligible to receive funds under this section for a fiscal year, a State agency must receive the approval of the Secretary for the plan submitted for the fiscal year.

(C) The plan shall include—

(i) a description of the food delivery system of the State agency and the method of enabling participants to receive supplemental foods under the program, to be administered in accordance with standards developed by the Secretary;

(ii) a description of the financial management system of the State agency;

(iii) a plan to coordinate operations under the program with special counseling services, such as the expanded food and nutrition education program, immunization programs, prenatal care, well-child care, family planning, alcohol and drug abuse counseling, child abuse counseling, and with the aid to families with dependent children, food stamp, maternal and child health care, and medicaid programs;

(iv) a plan to provide program benefits under this section to, and to meet the special nutrition education needs of, eligible migrants and Indians;

(v) a plan to expend funds to carry out the program during the relevant fiscal year;

(vi) a plan to provide program benefits under this section to unserved and underserved areas in the State, if sufficient funds are available to carry out this clause;

(vii) a plan to provide program benefits under this section to eligible persons most in need of the benefits and to enroll eligible women in the early months of pregnancy, to the maximum extent practicable;

(viii) if the State agency chooses to request the funds conversion authority established in clause (h)(5) of this section, an estimate of the increased participation which will result from its cost-saving initiative, including an explanation of how the estimate was developed; **[and]**

(ix) a plan of coordination with local agencies to provide an outreach program for homeless individuals (as defined in subsection (b)(5)), and for individuals residing in shelters for victims of domestic violence, who may be eligible for benefits under the program authorized under this section, and to assist such individuals in making proper application for such benefits; and

[(ix)] (x) such other information as the Secretary may require.

(D) The Secretary may permit a State agency to submit only those parts of a plan that differ from plans submitted for previous fiscal years.

(E) The Secretary may not approve any plan that permits a person to participate simultaneously in both the program authorized under this section and the commodity supplemental food program authorized under sections 4 and 5 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note).

(2) A State agency shall establish a procedure under which members of the general public are provided an opportunity to comment on the development of the State agency plan.

(3) The Secretary shall establish procedures under which eligible migrants may, to the maximum extent feasible, continue to participate in the program under this section when they are present in States other than the State in which they were originally certified

for participation in the program. Each State agency shall be responsible for administering the program for migrant populations within its jurisdiction.

(4) State agencies shall submit monthly financial reports and participation data to the Secretary.

(5) State and local agencies operating under the program shall keep such accounts and records, including medical records, as may be necessary to enable the Secretary to determine whether there has been compliance with this section and to determine and evaluate the benefits of the nutritional assistance provided under this section. Such accounts and records shall at all times be available for inspection and audit by representatives of the Secretary and shall be preserved for such period of time, not in excess of five years, as the Secretary determines necessary.

(6) The State agency, upon receipt of a completed application from a local agency for participation in the program (and the Secretary, upon receipt of a completed application from a State agency), shall notify the applicant agency in writing within thirty days of the approval or disapproval of the application, and any disapproval shall be accompanied with a statement of the reasons for such disapproval. Within fifteen days after receipt of an incomplete application, the State agency (or the Secretary) shall notify the applicant agency of the additional information needed to complete the application.

(7) Local agencies participating in the program under this section shall notify persons of their eligibility or ineligibility for the program within twenty days of the date that the household, during office hours of a local agency, personally makes an oral or written request to participate in the program. The Secretary shall establish a shorter notification period for categories of persons who, due to special nutritional risk conditions, must receive benefits more expeditiously.

(8)(A) The State agency shall, in cooperation with participating local agencies, publicly announce and distribute information on the availability of program benefits (including the eligibility criteria for participation and the location of local agencies operating the program) to offices and organizations that deal with significant numbers of potentially eligible persons (including health and medical organizations, hospitals and clinics, welfare and unemployment offices, social service agencies, farmworker organizations, Indian tribal organizations, and religious and community organizations in low income areas).

(B) The information shall be publicly announced by the State agency and by local agencies at least annually.

(C) The State agency and local agencies shall distribute the information in a manner designed to provide the information to potentially eligible persons who are most in need of the benefits, including pregnant women in the early months of pregnancy.

(9) The State agency shall grant a fair hearing, and a prompt determination thereafter, in accordance with regulations issued by the Secretary, to any applicant, participant, or local agency aggrieved by the action of a State or local agency as it affects participation.

(10) If a person certified as eligible for participation in the program under this section in one area moves to another area in which the program is operating, that person's certification of eligibility shall remain valid for the period for which the person was originally certified.

(11) The Secretary shall establish standards for the proper, efficient, and effective administration of the program, including standards that will ensure sufficient State agency staff. If the Secretary determines that a State agency has failed without good cause to administer the program in a manner consistent with this section or to implement the approved plan of operation and administration under this subsection, the Secretary may withhold such amounts of the State agency's funds for nutrition services and administration as the Secretary deems appropriate. Upon correction of such failure during a fiscal year by a State agency, and funds so withheld for such fiscal year shall be provided the State agency.

(12) The Secretary shall prescribe by regulation the supplemental foods to be made available in the program under this section. To the degree possible, the Secretary shall assure that the fat, sugar, and salt content of the prescribed foods is appropriate. Products specifically designed for pregnant, postpartum, and breastfeeding women, or infants shall be available at the discretion of the Secretary if the products are commercially available or are justified to and approved by the Secretary based on clinical tests performed in accordance with standards prescribed by the Secretary.

(13) A competent professional authority shall be responsible for prescribing the appropriate supplemental foods, taking into account medical and nutritional conditions and cultural eating patterns.

(14) The State agency shall (A) provide nutrition education materials and instruction in languages other than English and (B) use appropriate foreign language materials in the administration of the program, in areas in which a substantial number of low-income households speak a language other than English.

(15) If a State agency determines that a member of a family has received an overissuance of food benefits under the program authorized by this section as the result of such member intentionally making a false or misleading statement or intentionally misrepresenting, concealing, or withholding facts, the State agency shall recover, in cash, from such member an amount that the State agency determines is equal to the value of the overissued food benefits, unless the State agency determines that the recovery of the benefits would not be cost effective.

(16) To be eligible to participate in the program authorized by this section, a manufacturer of infant formula that supplies formula for the program shall—

(A) register with the Secretary of Health and Human Services under the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321 et seq.); and

(B) before bidding for a State contract to supply infant formula for the program, certify with the State health department that the formula complies with such Act and regulations issued pursuant to such Act.

(m)(1) Subject to the availability of funds appropriated for purposes of this subsection, the Secretary shall award a 3-year grant to each of 10 States that submit applications that are approved for the establishment of demonstration projects designed to provide recipients of assistance under subsection (c) with coupons that may be exchanged for foods at farmers' markets.

(2) A grant provided to any State under this subsection shall be provided to the chief executive officer of the State, who shall—

(A) designate the appropriate State agency or agencies to administer the program in conjunction with the appropriate non-profit organizations; and

(B) assure coordination of the program among the appropriate agencies and organizations.

(3) The Secretary shall not make a grant to any State under this subsection unless such State agrees to provide State funds for the demonstration project in an amount that is equal to not less than 30 percent of the total cost of the demonstration project.

(4)(A) The Secretary shall establish a formula for determining the amount of the grant to be awarded under this subsection to each State for which an application is approved under paragraph (6), according to the number of recipients proposed to participate as specified in the application of the State.

(B) If the sums appropriated for any fiscal year pursuant to the authorization contained in paragraph (10) for grants under this subsection are not sufficient to pay to each State for which an application is approved under paragraph (6) the amount to which the Secretary determines each such State is entitled to under this subsection, each State's grant shall be ratably reduced.

(5) Each State that receives a grant under this subsection shall ensure that the demonstration project for which the grant is received complies with the following requirements:

(A) Persons who are eligible to receive Federal benefits under the project shall only be persons who are receiving assistance under subsection (c).

(B) Construction or operation of a farmers' market may not be carried out using funds—

(i) provided under the grant; or

(ii) required to be provided by the State under paragraph

(3).

(C) The value of the Federal share of the benefit received by any recipient under the project may not be—

(i) less than \$10 per year; or

(ii) more than \$20 per year.

(D) The coupon issuance process under the project shall be designed to ensure that coupons target areas with—

(i) the highest concentration of eligible persons;

(ii) the greatest access to farmers' markets; and

(iii) certain characteristics, in addition to those described in clauses (i) and (ii), that are determined to be relevant by the Secretary that maximize the availability of benefits to eligible persons.

(E) The coupon redemption process under the project shall be designed to ensure that coupons may be redeemed—

(i) only by producers authorized by the State to participate in the project; and

(ii) only to purchase unprepared food for human consumption.

(F)(i) Except as provided in clause (ii), the State may not use for administration of the project for any fiscal year more than 15 percent of the total amount of funds available for the project from the Secretary in such fiscal year.

(ii) In the first full year of a State's grant for the demonstration project, the State may use for administration of the project not more than 15 percent of the total amount of funds available for the project from any source in such fiscal year.

(G) The State shall ensure that no State or local taxes are collected within the State on purchases of food with coupons distributed under the project.

(6)(A) A State that desires to receive a grant under this subsection shall submit an application to the Secretary at such time and in such manner as the Secretary may reasonably require.

(B)(i) Each application submitted under this paragraph shall contain—

(I) the estimated cost of the program and the estimated number of individuals to be served by such program;

(II) a description of the State plan for complying with the requirements established in paragraph (5); and

(III) criteria developed by the State with respect to authorization of producers to participate in the program.

(ii) The criteria developed by the State as required by clause (i)(III) shall require any authorized producer to sell fresh nutritious unprepared foods (such as fruits and vegetables) to recipients, in exchange for coupons distributed under the project.

(C) The Secretary shall establish objective criteria for the approval of applications submitted under this paragraph.

(D) In approving applications submitted under this paragraph, the Secretary shall—

(i) give preference to applications from States that are operating a similar project with State or local funds;

(ii) ensure that at least five of the States selected have existing programs as of the date of enactment of this subsection similar to those authorized under this subsection;

(iii) give preference to States that intends to operate such program on a Statewide basis;

(iv) give preference to applications from State that propose projects that are determined by the Secretary to—

(I) have possible national significance; or

(II) show unusual promise in promoting similar projects;

(iv) give preference to applications that show promise of continued operation of the project for which the grant is requested after the grant expires;

(v) require that if a State receives a grant under this section and that State is operating a similar project with State or local funds, that State shall not reduce the amount of State and local funds available to the project after receiving funds for the project under this subsection; and

(vi) give preference to applications for projects that would serve areas in the State that have—

- (I) the highest concentration of eligible persons;
- (II) the greatest access to farmers' markets; and
- (III) any other characteristics, as determined appropriate by the Secretary, that maximize the availability of benefits to eligible persons.

(7)(A) The value of the benefit received by any recipient under any project for which a grant is received under this subsection may not affect the eligibility or benefit levels for assistance under any other State or Federal program.

(B) Any projects for which a grant is received under this subsection shall be supplementary to the food stamp program carried out under the Food Stamp Act of 1977 (7 U.S.C. 201 et seq.) and to any other Federal or State program under which foods are distributed to needy families in lieu of food stamps.

(8) Each State that receives a grant under this subsection shall submit a report to the Secretary for each year of the grant period. Each such report shall include—

- (A) the number of recipients served under the project for which the grant is received;
- (B) the rate of redemption of coupons distributed under the project;
- (C) the types of foods purchased with the coupons;
- (D) the average amount distributed in coupons to each recipient;
- (E) any change in the amount of food purchased at farmers' markets after the establishment of the project;
- (F) any change in the number of farmers participating in farmers' markets after the establishment of the project;
- (G) a description of how coupons were distributed to and redeemed by recipients in the State project; and
- (H) any other information determined to be necessary by the Secretary.

(9)(A) The Secretary shall evaluate the projects for which grants are received under this subsection and submit to the Committee on Agriculture of the House of Representatives, the Committee on Education and Labor of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate, a report on such evaluations.

(B) Such report shall be submitted before the end of the 2-year period beginning on the date that the last grant is awarded under this subsection.

(10) There are authorized to be appropriated to carry out this subsection \$2,000,000 for fiscal year 1989, \$2,800,000 for fiscal year 1990, and \$3,500,000 for fiscal year 1991.

(11) For purposes of this subsection:

- (A) The term "recipient" means a person who is chosen by a State to receive benefits under a project.
- (B) The term "State agency" has the meaning provided in subsection (b)(13), except that such term also includes the agriculture department of each State.

NATIONAL SCHOOL LUNCH ACT

SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

SEC. 13. [(42 U.S.C. 1761)] (a)(1) The Secretary is authorized to carry out a program to assist States, through grants-in-aid and other means, to initiate, maintain, and expand nonprofit food service programs for children in service institutions. For purposes of this section, (A) "program" means the summer food service program for children authorized by this section; (B) "service institutions" means public or private nonprofit school food authorities, local, municipal, or county governments, *public or private nonprofit higher education institutions participating in the National Youth Sports Program, private nonprofit organizations*, and residential public or private nonprofit summer camps, that develop special summer or school vacation programs providing food service similar to that made available to children during the school year under the school lunch program under this Act or the school breakfast program under the Child Nutrition Act of 1966 [(42 U.S.C. 1771 et seq.)]; (C) "areas in which poor economic conditions exist" means areas in which at least 50 percent of the children are eligible for free or reduced price school meals under this Act and the Child Nutrition Act of 1966, as determined by information provided from departments of welfare, zoning commissions, census tracts, by the number of free and reduced price lunches or breakfasts served to children attending public and nonprofit private schools located in the area of program food service sites, or from other appropriate sources, including statements of eligibility based upon income for children enrolled in the program; (D) "children" means individuals who are eighteen years of age and under, and individuals who are older than eighteen who are (i) determined by a State educational agency or a local public educational agency of a State, in accordance with regulations prescribed by the Secretary, to be mentally or physically handicapped, and (ii) participating in a public or nonprofit private school program established for the mentally or physically handicapped; **[and]** (E) "*private nonprofit organizations*" means only such organizations (not including private nonprofit school food authorities or summer camps) that (i) operate at not more than 5 sites, and (ii) use self-preparation facilities to prepare meals or obtain meals from a public facility (such as a school district, public hospital, or State university); and **[(E)]** (F) "State" means any of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Northern Mariana Islands.

(2) To the maximum extent feasible, consistent with the purposes of this section, any food service under the program shall use meals prepared at the facilities of the service institution or at the food service facilities of public and nonprofit private schools. The Secretary shall assist States in the development of information and technical assistance to encourage increased service of meals prepared at the facilities of service institutions and at public and nonprofit private schools.

(3) Eligible service institutions entitled to participate in the program shall be limited to those that—

(A) demonstrate adequate administrative and financial responsibility to manage an effective food service;

(B) have not been seriously deficient in operating under the program;

(C) either conduct a regularly scheduled food service for children from areas in which poor economic conditions exist or qualify as camps; and

(D) provide an ongoing year-round service to the community to be served under the program (except that an otherwise eligible service institution shall not be disqualified for failure to meet this requirement for ongoing year-round service if the State determines that its disqualification would result in an area in which poor economic conditions exist not being served or in a significant number of needy children not having reasonable access to a summer food service program).

(4) The following order of priority shall be used by the State in determining participation where more than one eligible service institution proposes to serve the same area:

(A) local schools or service institutions that have demonstrated successful program performance in a prior year;

(B) service institutions that prepare meals at their own facilities or operate only one site;

(C) serve institutions that use local school food facilities for the preparation of meals;

(D) other service institutions that have demonstrated ability for successful program operation; and

(E) service institutions that plan to integrate the program with Federal, State, or local employment programs.

The Secretary and the States, in carrying out their respective functions under this section, shall actively seek eligible service institutions located in rural areas, for the purpose of assisting such service institutions in applying to participate in the program.

(5) Camps that satisfy all other eligibility requirements of this section shall receive reimbursement only for meals served to children who meet the eligibility requirements for free or reduced price meals, as determined under this Act and the Child Nutrition Act of 1966 [(42 U.S.C. 1771 et seq.)].

(6) Service institutions that are local, municipal, or county governments shall be eligible for reimbursement for meals served in programs under this section only if such programs are operated directly by such governments.

(b)(1) Payments to service institutions shall equal the full cost of food service operations (which cost shall include the cost of obtaining, preparing, and serving food, but shall not include administrative costs), except that such payments to any institution shall not exceed (1) 85.75 cents for each lunch and supper served; (2) 47.75 cents for each breakfast served; or (3) 22.50 cents for each meal supplement served: *Provided*, That such amounts shall be adjusted each January 1 to the nearest one-fourth cent in accordance with the changes for the twelve-month period ending the preceding November 30 in the series for food away from home of the Consumer Price Index for All Urban Consumers published by the Bureau of

Labor Statistics of the Department of Labor: *Provided further*, That the Secretary may make such adjustments in the maximum reimbursement levels as the Secretary determines appropriate after making the study prescribed in paragraph (4) of this subsection.

(2) Any service institution may only serve lunch and either breakfast or a meal supplement during each day of operation, except that any service institution that is a camp or that serves meals primarily to migrant children may serve up to four meals during each day of operation, if (A) the service institution has the administrative capability and the food preparation and food holding capabilities (where applicable) to serve more than one meal per day, and (B) the service period of different meals does not coincide or overlap. The meals that camps and migrant programs may serve shall include a breakfast, a lunch, a supper, and meal supplements.

(3) Every service institution, when applying for participation in the program, shall submit a complete budget for administrative costs related to the program, which shall be subject to approval by the State. Payment to service institutions for administrative costs shall equal the full amount of State approved administrative costs incurred, except that such payment to service institutions may not exceed the maximum allowable levels determined by the Secretary pursuant to the study prescribed in paragraph (4) of this subsection.

(4)(A) The Secretary shall conduct a study of the food service operations carried out under the program. Such study shall include, but shall not be limited to—

- (i) an evaluation of meal quality as related to costs; and
- (ii) a determination whether adjustments in the maximum reimbursement levels for food service operation costs prescribed in paragraph (1) of this subsection should be made, including whether different reimbursement levels should be established for self-prepared meals and vendored meals and which site-related costs, if any, should be considered as part of administrative costs.

(B) The Secretary shall also study the administrative costs of service institutions participating in the program and shall thereafter prescribe allowable levels for administrative payments that reflect the costs of such service institutions, taking into account the number of sites and children served, and such other factors as the Secretary determines appropriate to further the goals of efficient and effective administration of the program.

(C) The Secretary shall report the results of such studies to Congress not later than December 1, 1977.

(c) Payments shall be made to service institutions only for meals served during the months of May through September, except in the case of service institutions that operate food service programs for children on school vacation at any time under a continuous school calendar.

(d) Not later than April 15, May 15, and July 1, of each year, the Secretary shall forward to each State for the payment of meals to be served in the month for which the letter of credit is issued. The amount of the advance program payment shall be an amount which the State demonstrates, to the satisfaction of the Secretary, to be necessary for advance program payments to service institu-

tions in accordance with subsection (e) of this section. The Secretary shall also forward such advance program payments, by the first day of the month prior to the month in which the program will be conducted, to States that operate the program in months other than May through September. The Secretary shall forward any remaining payments due pursuant to subsection (b) of this section not later than sixty days following receipt of valid claims therefor.

(e)(1) Not later than June 1, July 15, and August 15 of each year, or, in the case of service institutions that operate under a continuous school calendar, the first day of each month of operation, the State shall forward advance program payments to each service institution: *Provided*, That (A) the State shall not release the second month's advance program payment to any service institution that has not certified that it has held training sessions for its own personnel and the site personnel with regard to program duties and responsibilities, and (B) no advance program payment may be made for any month in which the service institution will operate under the program for less than ten days.

(2) The amount of the advance program payment for any month in the case of any service institution shall be an amount equal to (A) the total program payment for meals served by such service institution in the same calendar month of the preceding calendar year, (B) 50 percent of the amount established by the State to be needed by such service institution for meals if such service institution contracts with a food service management company, or (C) 65 percent of the amount established by the State to be needed by such service institution for meals if such service institution prepares its own meals, whichever amount is greatest: *Provided*, That the advance program payment may not exceed the total amount estimated by the State to be needed by such service institution for meals to be served in the month for which such advance program payment is made or \$40,000, whichever is less, except that a State may make a larger advance program payment to such service institution where the State determines that such larger payment is necessary for the operation of the program by such service institution and sufficient administrative and management capability to justify a larger payment is demonstrated. The State shall forward any remaining payment due a service institution not later than seventy-five days following receipt of valid claims. If the State has reason to believe that a service institution will not be able to submit a valid claim for reimbursement covering the period for which an advance program payment has been made, the subsequent month's advance program payment shall be withheld until such time as the State has received a valid claim. Program payments advanced to service institutions that are not subsequently deducted for a valid claim for reimbursement shall be repaid upon demand by the State. Any prior payment that is under dispute may be subtracted from an advance program payment.

(f) Service institutions receiving funds under this section shall serve meals consisting of a combination of foods and meeting minimum nutritional standards prescribed by the Secretary on the basis of tested nutritional research. Such meals shall be served without cost to children attending service institutions approved for

operation under this section, except that, in the case of camps, charges may be made for meals served to children other than those who meet the eligibility requirements for free or reduced price meals in accordance with subsection (a)(5) of this section. To assure meal quality, States shall, with the assistance of the Secretary, prescribe model meal specification and model food quality standards and ensure that all service institutions contracting for the preparation of meals with food service management companies include in their contracts menu cycles, local food safety standards, and food quality standards approved by the State. Such contracts shall require (A) periodic inspections, by an independent agency or the local health department for the locality in which the meals are served, of meals prepared in accordance with the contract in order to determine bacteria levels present in such meals, and (B) that bacteria levels conform to the standards which are applied by the local health authority for that locality with respect to the levels of bacteria that may be present in meals served by other establishments in that locality. Such inspections and any testing resulting therefrom shall be in accordance with the practices employed by such local health authority.

(g) The Secretary shall publish proposed regulations relating to the implementation of the program by November 1 of each fiscal year, final regulations by January 1 of each fiscal year, and guidelines, applications and handbooks by February 1 of each fiscal year: *Provided*, That for fiscal year 1978, those portions of the regulations relating to payment rates for both food service operations and administrative costs need not be published until December 1 and February 1, respectively. In order to improve program planning, the Secretary may provide that service institutions be paid as start-up costs not to exceed 20 percent of the administrative funds provided for in the administrative budget approved by the State under subsection (b)(3) of this section. Any payments made for startup costs shall be subtracted from amounts otherwise payable for administrative costs subsequently made to service institutions under subsection (b)(3) of this section.

(h) Each service institution shall, insofar as practicable, use in its food service under the program foods designated from time to time by the Secretary as being in abundance. The Secretary is authorized to donate to States, for distribution to service institutions, food available under section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431), or purchased under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c) or section 709 of the Food and Agriculture Act of 1965 (7 U.S.C. 1446a-1). Donated foods may be distributed only to service institutions that can use commodities efficiently and effectively, as determined by the Secretary.

(i) *In addition to the requirements of subsection (a)(3), eligible private nonprofit organizations (excluding summer camps and private non-profit school food authorities) entitled to participate in the programs as service institution shall be limited to those that—*

(1) operate in areas where a school food authority or the local, municipal, or county government has not indicated by March 1 of any year that such authority or unit of local government will operate a program under this section in such year;

- (2) exercise full control and authority over the operation of the programs at all sites under their sponsorship;
- (3) provide ongoing year-round activities for children;
- (4) demonstrate adequate management and fiscal capacity to operate a program under this section; and
- (5) meet applicable State and local health, safety, and sanitation standards.

(j) Expenditures of funds from State and local sources for the maintenance of food programs for children shall not be diminished as a result of funds received under this section.

(k)(1) The Secretary shall pay to each State for its administrative costs incurred under this section in any fiscal year an amount equal to (A) 20 percent of the first \$50,000 in funds distributed to that State for the program in the preceding fiscal year; (B) 10 percent of the next \$100,000 distributed to that State for the program in the preceding fiscal year; (C) 5 percent of the next \$250,000 in funds distributed to that State for the program in the preceding fiscal year, and (D) 2½ percent of any remaining funds distributed to that State for the program in the preceding fiscal year: Provided, That such amounts may be adjusted by the Secretary to reflect changes in the size of that State's program since the preceding fiscal year.

(2) The Secretary shall establish standards and effective dates for the proper, efficient, and effective administration of the program by the State. If the Secretary finds that the state has failed without good cause to meet any of the Secretary's standards or has failed without good cause to carry out the approved State management and administration plan under subsection (n) of this section, the Secretary may withhold from the State such funds authorized under this subsection as the Secretary determines to be appropriate.

(3) To provide for adequate nutritional and food quality monitoring, and to further the implementation of the program, an additional amount, not to exceed the lesser of actual costs or 1 percent of program funds, shall be made available by the Secretary to States to pay for State or local health department inspections, and to rein-spect facilities and deliveries to test meal quality.

(l)(1) Service institutions may contract on a competitive basis only with food service management companies registered with the State in which they operate for the furnishing of meals or management of the entire food service under the program, except that a food service management company entering into a contract with a service institution under this section may not subcontract with a single company for the total meal, with or without milk, or for the assembly of the meal. The Secretary shall prescribe additional conditions and limitations governing assignment of all or any part of a contract entered into by a food service management company under this section. Any food service management company shall, in its bid, provide the service institution information as to its meal capacity. The State shall, upon award of any bid, review the company's registration to calculate how many remaining meals the food service management company is equipped to prepare.

(2) Each State shall provide for the registration of food service management companies. For the purposes of this section, registration shall include at a minimum—

(A) certification that the company meets applicable State and local health, safety, and sanitation standards;

(B) disclosure of past and present company owners, officers, and directors, and their relationship, if any, to any service institution or food service management company that received program funds in any prior fiscal year;

(C) records of contract terminations or disallowances, and health safety, and sanitary code violations, in regard to program operations in prior fiscal year; and

(D) the addresses of the company's food preparation and distribution sites.

No food service management company may be registered if the State determines that such company (i) lacks the administrative and financial capability to perform under the program, or (ii) has been seriously deficient in its participation in the program in prior fiscal years.

(3) In order to ensure that only qualified food service management companies contract for services in all States, the Secretary shall maintain a record of all registered food service management companies and their program record for the purpose of making such information available to the States.

(4) In accordance with regulations issued by the Secretary, positive efforts shall be made by service institutions to use small businesses and minority-owned businesses as sources of supplies and services. Such efforts shall afford those sources the maximum feasible opportunity to compete for contracts using program funds.

(5) Each State, with the assistance of the Secretary, shall establish a standard form of contract for use by service institutions and food service management companies. The Secretary shall prescribe requirements governing bid and contract procedures for acquisition of the services of food service management companies, including, but not limited to, bonding requirements (which may provide exemptions applicable to contracts of \$100,000 or less), procedures for review of contracts by States, and safeguards to prevent collusive bidding activities between service institutions and food service management companies.

(m) States and service institutions participating in programs under this section shall keep such accounts and records as may be necessary to enable the Secretary to determine whether there has been compliance with this section and the regulations issued hereunder. Such accounts and records shall at all times be available for inspection and audit by representatives of the Secretary and shall be preserved for such period of time, not in excess of five years, as the Secretary determines necessary.

(n) Each State desiring to participate in the program shall notify the Secretary by January 1 of each year of its intent to administer the program and shall submit for approval by February 15 a management and administration plan for the program for the fiscal year, which shall include, but not be limited to, (1) the State's administrative budget for the fiscal year, and the State's plans to comply with any standards prescribed by the Secretary under subsection (k) of this section; (2) the State's plans for use of program funds and funds from within the State to the maximum extent practicable to reach needy children, including the State's methods

of assessing need, and its plans and schedule for informing service institutions of the availability of the program; (3) the State's best estimate of the number and character of service institutions and sites to be approved, and of meals to be served and children to participate for the fiscal year, and a description of the estimating methods used; (4) the State's plans and schedule for providing technical assistance and training eligible service institutions; (5) the State's schedule for application by service institutions; (6) the actions to be taken to maximize the use of meals prepared by service institutions and the use of school food service facilities; (7) the State's plans for monitoring and inspecting service institutions, feeding sites, and food service management companies and for ensuring that such companies do not enter into contracts for more meals than they can provide effectively and efficiently; (8) the State's plan and schedule for registering food service management companies; (9) the State's plan for timely and effective action against program violators; (10) the State plan for determining the amounts of program payments to service institutions and for disbursing such payments; (11) the State's plan for ensuring fiscal integrity by auditing service institutions not subject to auditing requirements prescribed by the Secretary; and (12) the State's procedure for granting a hearing and prompt determination to any service institution wishing to appeal a State ruling denying the service institution's application for program participation or for program reimbursement.

(o)(1) Whoever, in connection with any application, procurement, recordkeeping entry, claim for reimbursement, or other document or statement made in connection with the program, knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious, or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious, or fraudulent statement or entry, or whoever, in connection with the program, knowingly makes an opportunity for any person to defraud the United States, or does or omits to do any act with intent to enable any person to defraud the United States, shall be fined not more than \$10,000 or imprisoned not more than five years, or both.

(2) Whoever being a partner, officer, director, or managing agent connected in any capacity with any partnership, association, corporation, business, or organization, either public or private, that receives benefits under the program, knowingly or willfully embezzles, misapplies, steals, or obtains by fraud, false statement, or forgery, any benefits provided by this section or any money, funds assets, or property derived from benefits provided by this section, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both (but, if the benefits, money, funds, assets, or property involved is not over \$200, then the penalty shall be a fine or not more than \$1,000 or imprisonment for not more than one year, or both).

(3) If two or more persons conspire or collude to accomplish any act made unlawful under this subsection, and one or more of such

persons to any act to effect the object of the conspiracy or collusion, each shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.

(p) For the fiscal years beginning October 1, 1977, and ending September 30, 1989, there are hereby authorized to be appropriated such sums as are necessary to carry out the purposes of this section.

CHILD CARE FOOD PROGRAM

SEC. 17. [(42 U.S.C. 1766) (a) The Secretary * * *

* * * * *

(f)(1) Funds paid to any State under this section shall be disbursed to eligible institutions by the State under agreements approved by the Secretary. Disbursements to any institution shall be made only for the purpose of assisting in providing meals to children attending institutions, or in family or group day-care homes. Disbursement to any institution shall not be dependent upon the collection of moneys from participating children. All valid claims from such institutions shall be paid within forty-five days of receipt by the State. The State shall notify the institution within fifteen days of receipt of a claim if the claim as submitted is not valid because it is incomplete or incorrect.

(2)(A) Subject to subparagraph (B) of this paragraph, the disbursement for any fiscal year to any State for disbursement to institutions, other than family or group day care home sponsoring organizations, for meals provided under this section shall be equal to the sum of the products obtained by multiplying the total number of each type of meal (breakfast, lunch, or supper, or supplement) served in such institution in that fiscal year by the applicable national average payment rate for each type of meal, is determined under subsection (c).

(B) No reimbursement may be made to any institution under this paragraph, or to family or group day care home sponsoring organizations under paragraph (3) of this subsection, for more than two meals and one supplement per day per child, *or in the case of an institution (but not in the case of a family or group day care home sponsoring organization), two meals and two supplements or three meals and one supplement per day per child, for children that are maintained in a child care setting for eight or more hours per day*